This document is important, and you are advised to read and understand the contents of this document. If you are in doubt about its contents or the action to take, please consult your stockbroker, solicitor, banker, or an independent investment adviser registered by the Securities and Exchange Commission for guidance. This prospectus has been seen and approved by the directors of FSDH Assets Management Limited and they jointly and individually accept full responsibility for the accuracy of all information given and confirm that, after having made all enquiries which are reasonable in the circumstances, and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement herein misleading.

Prospective purchasers of any unit trust should ensure that they understand fully the nature of the product and the extent of their exposure to risks, and that they consider the suitability of unit trust as an investment considering their own circumstances and financial position.

For information concerning certain risk factors which should be considered by prospective investors, see Risk Factors on pages 83 to 89

FSDH INFRASTRUCTURE DEBT FUND

(Authorised and Registered in Nigeria as an Infrastructure Fund)

SHELF PROSPECTUS FOR THE UP TO ₦200,000,000,000 ISSUANCE PROGRAMME

For up to 2,000,000,000 units at **₦100 per unit**

FUND MANAGER:

ASSET MANAGEMENT LTD

RC 434206

This Shelf Prospectus and the Units which it offers have been cleared and registered by the Securities and Exchange Commission. Investors may confirm the clearance of this Shelf Prospectus and the registration of the securities it offers with the Securities and Exchange Commission by contacting the Commission on sec@sec.gov.ng or +234 (0)9 462 1100; +234 (0)9462 1168. The Investments and Securities Act No. 29 2007 provides for civil and criminal liabilities for the issue of a Prospectus which contains false or misleading information. Registration of this Prospectus and the Units which it offers does not relieve the parties of any liability arising under the Act for false or misleading statements contained or for any omission of a material fact in this Prospectus.

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 Tranches or Series (as defined herein) of instruments, together with the applicable Supplementary Shelf Prospectus. This Shelf Prospectus shall be read and construed on the basis that such documents are incorporated herein and form part of this Shelf Prospectus.

"This Shelf Prospectus has been issued in compliance with Part IX of the ISA, the Rules and Regulations of the Securities and Exchange Commission 2013 (as amended) and the listing requirements of the FMDQ Securities Exchange Limited and the Nigerian Exchange Limited and contains particulars which are compliant with the requirements of the Commission for the purpose of giving information with regard to the programme."

The registration of the Shelf Prospectus and any applicable Supplementary Prospectus thereafter does not in any way whatsoever suggest that the Securities and Exchange Commission endorses or recommends the securities or assumes responsibility for the correctness of any statement made or opinion or report expressed therein.

ISSUING HOUSE:

CAPITAL LTD

RC 27620

THIS SHELF PROSPECTUS IS DATED 08 JANUARY 2025

CONTENTS

1. DEFINITIONS

Except where expressed otherwise, the following definitions apply throughout this document:

Terms/ Abbreviations	Definitions
ACGSF	Agricultural Credit Guarantee Scheme Fund
Advisory Board	The Advisory Board of the Fund constituted under the Trust Deed
AfCFTA	African Continental Free Trade Area
AFDB	African Development Bank
Affiliate or Affiliate of a Related Party	Entity and individuals as ascribed to it in the SEC Rules and Regulations
Application Form	The form to be completed by investors subscribing for Units in the Fund
Business Day	Any day other than a Saturday, Sunday or an official public holiday as declared by the Federal Government of Nigeria
BVN	Bank Verification Number
CAGR	Compound Annual Growth Rate
CAMA	Companied and Allies Matters Act No. 3 of 2020
CBN	Central Bank of Nigeria
Close-Ended Fund	A fund that is unable to create and offer additional units outside of its initial offering or subsequent offerings, on a continuous basis throughout its life. Units of such a fund cannot be redeemed from the fund, but may be purchased and sold in the market where the fund is listed
Custodian	Zenith Bank PLC
Custody Agreement	means the agreement between the Fund Manager, the Custodian, and the Trustees
DFIs	Development Finance Institutions
Directors	The directors of the Fund Manager
DisCos	Distribution Companies
Distributions	The income generated by the Fund and paid (less expenses and applicable taxes) to Unitholders
DSCR	Debt service coverage ratio (defined as net operating cash flow available for debt service divided by the interest payment and debt amortisation in a given period).
ECOWAS	Economic Community of West African States
EPC	Engineering, Procurement and Construction
ERGP	Economic Recovery and Growth Plan
Exchange	Means any exchange in Nigeria recognised by the SEC for the purpose of listing of Units the Fund
FSDH or FSDH Asset Management	FSDH Asset Management Limited
FGN	Federal Government of Nigeria
FMARD	Federal Ministry of Agriculture and Rural Development
FMBN	Federal Mortgage Bank of Nigeria
FMDQ	FMDQ Securities Exchange Limited
FMF	Federal Ministry of Finance
FMOH	Federal Ministry of Health
Fund Manager	FSDH Asset Management Limited
GDP	Gross Domestic Product
GenCos	Electricity Generation Companies
GFC	Global Financial Crisis
High Net Worth Investor or HNWI	As defined in the SEC Rules and Regulations
HSRDIS	Healthcare Sector Research and Development Intervention Scheme
IASB	International Accounting Standards Board
IATA	International Air Transport Association
ICT	Information and Communication Technology
IFRS	International Financial Reporting Standards

Terms/ Abbreviations	Definitions
Initial Offer	The initial offer for subscription for Units of the Fund, pursuant to this Shelf Prospectus
Investment Committee	The team constituted to review and approve opportunities presented by the Fund Management Team
ISA	Investments and Securities Act No. 29 2007
Issuing House	FSDH Capital Limited
Key Person	The Chief Executive and/or the Chief Investment Officer of the Fund
KV	a thousand volts
LDR	Loan-to-deposit ratio
LFN	Laws of the Federation of Nigeria
LNG	Liquified Natural Gas
MDBs	Multilateral Development Banks
MSMEDF	Micro, Small, Medium Enterprises Development Fund
MW	Megawatt
MWH	Megawatt Hour
Naira or ₦ or ₦ or N	The Nigerian Naira, the official currency of the Federal Republic of Nigeria
NAV or Net Asset Value	the total value, as of any date, of the assets of the Fund, less any fees, charges, expenses and other liabilities accrued by the Fund, in accordance with the accounting policies applicable to the Fund from time-to-time.
NBET	Nigerian Bulk Electricity Trader
NBS	National Bureau of Statistics
NCC	Nigerian Communications Commission
NEPA	National Electric Power Authority
NERC	Nigerian Electricity Regulatory Commission
Net Asset Value per Unit/NAV per Unit	at any date, the Net Asset Value of the Fund divided by the number of Units of the Fund outstanding.
NIIMP	mean the interim National Integrated Infrastructure Master Plan prepared by the National Planning Commission.
NIPP	National Integrated Power Project
NIRSAL	Nigerian Incentive-Based Risk Sharing system for Agricultural Lending
NPA	Nigerian Port Authority
NPC	National Planning Commission
NSIA	Nigeria Sovereign Investment Authority
O&M	Operation & Maintenance
Offer	The Initial Offer or Follow-on Offer for subscription of Units in the Fund pursuant to the Programme
OTC	Over The Counter
PHC	Primary Health Centre
PHCN	Power Holding Company of Nigeria
PPP	Public Private Partnership
Principal Transaction	A transaction which, singularly or in aggregate of over a 12- month period equals five percent (5%) or more of the Fund's net asset value (NAV), in which the Fund Manager enters with an affiliate of a related party as defined under the SEC Rules and Regulations
Programme	The ₦200,000,000,000 (Two Hundred Billion Naira) issuance programme described in this Shelf Prospectus and each subsequently updated Shelf Prospectus pursuant to which the Fund Manager may issue several separate Series or Tranches of Units of the Fund from time to time with varying terms and conditions; provided however that the aggregate face value of the issued Units does not exceed ₦ 200,000,000,000 (Two Hundred Billion Naira) or its equivalent in other currencies
Qualification Date	A specific date at which Unitholders are qualified to receive Distributions or bonuses
Qualified Institutional Investor	A purchaser of securities that is financially sophisticated, as defined in the Rules and Regulation of the Commission.
Register	The record maintained by the Registrars detailing the particulars of the Unitholders and respective Units held by each Unitholder

Terms/ Abbreviations	Definitions
Registrars	First Registrars and Investor Services Limited
Related Party	Fund Manager, Trustee, Custodian, and an Affiliate of a Related Party
Related Parties Transactions	Transactions between Affiliates of Related Parties and the Fund Manager acting on behalf of a Collective Investment Scheme
RSA	Retirement Savings Account
Rules and Regulations of the Commission	The rules and regulations of the Commission issued pursuant to the ISA (as amended from time to time)
Rules on Infrastructure Funds	means the rules issued by the SEC for the establishment and regulation of infrastructure funds, as may be amended, updated and modified from time to time
SEC or the Commission	Securities and Exchange Commission, Nigeria
Series	Tranche of Units, together with any further Tranche or Tranches of Units which are expressed to be consolidated and form a single series and are identical in all respects, except for their respective issue dates and/or issue prices.
Shelf Prospectus or Prospectus	This document initially dated 08 January 2025 and subsequently updated from time-to-time, which is issued in accordance with the provisions of the ISA and the Rules and Regulations of the Commission, and which discloses relevant information about the Fund and an Offer
SMEs	Small and Medium Scale Enterprises
SPV	Special Purpose Vehicle
SSA	Sub-Saharan Africa
Supplementary Prospectus or Supplementary Shelf Prospectus	The document(s) to be issued pursuant to the Shelf Prospectus, which shall provide the final terms and conditions of a specific Series or Tranche of Units of the Fund issued under the Programme and read in conjunction with the Shelf Prospectus
Target Investors	Includes pension fund administrators, Qualified Institutional Investors, High Net Worth Investor, and other classes of investors (excluding retail investors) to whom the Fund Manager may propose that offers for subscription of Units in the Fund be made to, subject to the approval of the Commission
Target Sector Range	Includes the sectors and areas of business the Fund aims at investing in or providing capital to support infrastructure projects within such sectors. These sectors include the Agriculture, Healthcare, Transportation, Energy & Power, Information Communication and Technology and, Urban & Social Infrastructure.
TCN	Transmission Company of Nigeria
The Fund	FSDH Infrastructure Debt Fund
Tranche	In relation to any particular Series, all Units which are identical in all respects
"Transaction Documents"	this Shelf Prospectus, the Trust Deed, Custody Agreement and all related documents
Transfer Agent	means Central Securities and Clearing Systems Plc.
Trust Deed	The trust deed between the Fund Manager and the Trustee constituting the Fund and any document supplemental thereto or executed in pursuance thereof, a summary of which is set out on pages 87 to 88 of this Shelf Prospectus
Trustee or UTL Trustees	UTL Trust Management Services Limited
"Trustee Act"	Trustee Investment Act Cap T22, Laws of the Federation of Nigeria 2004
UBEC	Universal Basic Education Commission
UN	United Nations
UNESCO	United Nations Educational, Scientific and Cultural Organization
Unitholder	Any person or company entered in the Register as a holder of the Units including persons so entered as joint Unitholders
Units	The Units of the Fund
US	United States of America

Terms/ Abbreviations	Definitions
USD or US Dollars or US$	United States Dollars, the lawful currency of the United States of America
Validity Period	A period expiring three (3) years from the date of SEC approval of this Shelf Prospectus, during which, Units of the Fund may be issued under the Programme

2. IMPORTANT NOTICES

This Shelf Prospectus has been prepared on behalf of FSDH Asset Management Limited (the "Issuer") in connection with the FSDH's ₦200,000,000,000 Infrastructure Debt Fund, for the purpose of giving information to prospective investors regarding the Fund Manager and the Fund which, according to the particular nature of the Issuer, is necessary to enable prospective investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer. The SEC has cleared and registered this Shelf Prospectus and the securities that it offers.

The Board of Directors of the Fund Manager accept full responsibility for the information contained in this Shelf Prospectus and confirm (having taken all reasonable care to ensure that is the case) that the information contained or incorporated by reference in this Shelf Prospectus is correct, does not omit anything likely to affect the import of such information, and is in accordance with the facts and the relevant 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 either the Fund Manager or any of the parties to the Programme.

Neither this Shelf Prospectus nor any other information supplied in connection with the Fund: (a) is intended to provide the basis of any credit or other evaluation, or (b) should be considered as a recommendation by either the Fund Manager or any of the parties to the Programme that any recipient of this Shelf Prospectus or any other information supplied in connection with the Programme should purchase Units of the Fund. Each prospective investor that intends to purchase any Units of the Fund should make its own independent investigation regarding the financial condition and affairs, and its own appraisal of the creditworthiness of the Fund Manager. Neither this Shelf Prospectus nor any other information supplied in connection with the Programme or the Fund constitutes an offer or invitation by or on behalf of the Fund Manager or any of the parties to the Programme to any person to subscribe for or to purchase the Units of the Fund.

The Issuing House expressly do not undertake to review the financial condition or affairs of the Fund Manager throughout the life of the Programme or the Fund or to advise any investor in the Fund of any information coming to their attention. The Issuing House have not separately verified the information contained in this Shelf Prospectus and accordingly, no representation, warranty or undertaking, express or implied, is made and to the fullest extent permitted by law. The issuing house shall not be completely exonerated from liability arising from misleading information contained in the prospectus, unless proven not negligent. 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 any of the Issuing Houses to any prospective investor. Prospective investors should make their own independent assessment of the merits or otherwise of subscribing for the Units of the Fund offered herein and should take their own professional advice in connection with any prospective investment by them.

The distribution of this Shelf Prospectus and the offer or sale of Units may be restricted by law in certain jurisdictions. Persons into whose possession this Shelf Prospectus or any Units of the Fund may come must inform themselves about and observe any such restrictions. There are restrictions on the distribution of this Prospectus and the offer or sale of Units of the Fund in the United States of America, the United Kingdom, and certain other jurisdictions. The Fund Manager does not represent that this Shelf Prospectus may be lawfully distributed, or that any Units may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, nor does it assume any responsibility for facilitating any such distribution or offering. No action has been taken by the Fund Manager which would permit a public offering of any Units of the Fund or distribution of this document in any jurisdiction where action for that purpose is required.

Accordingly, no Units of the Fund may be offered or sold, directly or indirectly, and neither this Shelf 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.

Forward Looking Statements

Certain statements included herein may constitute forward-looking statements that involve a number of risks and uncertainties. Such forward-looking statements can be identified by the use of forward looking terminology such as "estimates", "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, or by discussions of strategy, plans or intentions. These forward- looking statements include all matters that are not historical facts. They appear in a few places throughout this Shelf Prospectus and include statements regarding the Fund Manager's intentions, beliefs or current expectations concerning, amongst other things, the Fund's results of operations, financial condition, liquidity, prospects, growth, strategies and the markets in which it operates. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future.

Prospective investors should be aware that forward-looking statements are not guarantees of future performance and that the Fund's actual results of operations, financial condition and liquidity and the development of the market in which it invests may and will differ materially from those made in or suggested by the forward-looking statements contained in this Shelf Prospectus. Such forward-looking statements are necessarily dependent on assumptions, data or methods that may be incorrect or imprecise and that may be incapable of being realised.

The Fund Manager is not obliged to, and does not intend to, update, or revise any forward-looking statements made in this Shelf Prospectus whether as a result of new information, future events or otherwise that occur subsequent to the date of this Shelf Prospectus. All subsequent written or oral forward-looking statements attributed to the Fund Manager, or persons acting on the Fund Manager's behalf, are expressly qualified in their entirety by the cautionary statements contained throughout this Shelf Prospectus. A prospective subscriber to the Fund should not place undue reliance on these forward-looking statements.

Presentation of Information

General 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 circumstances, create any implication that there has been no change in the affairs of the Fund Manager since the date hereof.

All financial and other information presented or incorporated by reference in this Shelf Prospectus have been provided by the Fund Manager from its records, 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 financial information, and is not intended to indicate future or continuing trends in the financial position or other affairs of the Fund Manager. 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 Issuer, including financial information, is available from the Issuer's website – www.fsdhaml.com – and other authorised publicly available publications. Any such information that is inconsistent with the information set forth in this Shelf Prospectus is neither a part of nor incorporated into this Shelf Prospectus.

Financial Information

The Fund Manager's audited financial statements have been prepared in accordance with IFRS (as issued by the IASB) and the requirements of the CAMA and the Financial Reporting Council of Nigeria Act, 2011 and are presented in Naira, the reporting currency of the Issuer.

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 which precede them.

Third-Party Information

The Fund Manager obtained certain statistical and market information that is presented in this Shelf Prospectus in respect of the Nigerian economy and the Nigerian political landscape in general from certain government and other third-party sources as identified where it appears herein.

There is not necessarily any uniformity of views among such sources as to such information provided. The Fund Manager has 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 Fund Manager has accurately reproduced such information and, so far as the Fund Manager is aware and is able to ascertain, no facts have been omitted that would render the reproduced information inaccurate or misleading. The Fund Manager has 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 Fund Manager nor the Issuing House have independently verified the figures, market data or other information on which third parties have based their studies.

3. SUPPLEMENTARY PROSPECTUS

Following the registration of this Shelf Prospectus, a Supplementary Prospectus will be prepared and issued in relation to each Offer of Units that is to be offered for subscription under the Programme. Each applicable Supplementary Prospectus will be approved by the SEC in accordance with Rule 3 of the General Rule for Collective Investment Schemes (CIS).

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

The Fund Manager, in the event of any significant change, material mistake, or inaccuracy relating to information included in this Shelf Prospectus which can affect the assessment of the Units by prospective investors, shall prepare an addendum to this Shelf Prospectus for use in connection with any subsequent Offer under the Programme, which shall be subject to the SEC's approval.

4. CORPORATE DIRECTORY OF FUND MANAGER

Fund Manager:	FSDH Asset Management Limited **Head office and registered address:** UAC House 4th Floor 1-5 Odunlami Street Lagos Island Lagos Tel: 234-1-2809740-1 Email: infofund@fsdhgroup.com Web: www.fsdhaml.com	
Directors of the Fund Manager	Folashade Laoye, Chairman (Independent Director) Toyin Owolabi, Managing Director Folashade Ogunde, Independent Director Yasmin Belo-Osagie, Non-Executive Director Kelechi Okoro, Non-Executive Director Wambui Kinya, Independent Director Bukola Smith, Non-Executive Director Nike Ogunjimi, Non-Executive Director	
Members of the Investment Committee of the Fund Manager	Ibrahim Suleiman, PhD. (CEO of the Fund) Toyin Owolabi (FSDH Asset Management) Taofik Lanre Oyeniyi (FSDH Asset Management) Patrick Mgbenwelu (Independent Member) Aishat Bako (Independent Member) Chief Risk Officer of FSDH Holding Company	
Advisory Board	The Advisory Board shall comprise of the Trustee's representative and have designated up to four (4) slots on the Advisory Board to admit nominees of Fund investors. The Advisory Board will be established within three months of the Initial Offer's close, and members will be appointed.	
FSDH's other Business Locations	Abuja Office: Leadway Building Ground Floor Plot 1061, Herbert Macaulay way Central Business District FCT Abuja	Port Harcourt Office: Polaris Bank Building 2nd Floor 5 Trans Amadi Road Port Harcourt Rivers

Profiles of the Directors, Principal Officers, Investment Committee Members and Financial Information on the Fund Manager are provided on pages 74 to 80

5. THE PROGRAMME

A copy of this Shelf Prospectus, together with the documents specified herein have been delivered to the SEC for clearance and registration. The registration of this Shelf Prospectus shall not be taken to indicate that the SEC endorses or recommends the Units of the Fund to be issued under the Programme or assumes responsibility for the correctness of any statements made or opinions or reports expressed herein.

This Shelf Prospectus is being issued in compliance with the provisions of the ISA, 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. The Fund has been approved and registered by SEC as a Unit Trust Scheme. The Fund Manager on successful completion of an Offer, or later, may seek a Memorandum Listing of the Units under such Series or Tranche on an Exchange

The Directors of the Fund Manager represent that they have taken all reasonable care to ensure that the information concerning the Fund Manager contained in this Prospectus is true and accurate in all material respects on the date of this Shelf Prospectus and that as of the date hereof there are no other material facts in relation to the Issuer, the omission of which would make misleading any statement herein, whether in fact or opinion.

FSDH CAPITAL LIMITED

fsdh CAPITAL LTD

RC 276208

ON BEHALF OF

fsdh ASSET MANAGEMENT LTD

RC 434206

Is authorised to Issue this SHELF PROSPECTUS in respect of the

₦200 BILLION FSDH INFRASTRUCTURE DEBT FUND

(Authorised and Registered in Nigeria as a Unit Trust Scheme)

This Shelf Prospectus contains:

1. on pages 83-89, the Risk factors that relate to an investment in the Fund.

Validity Period of the Shelf Prospectus and Delivery of Documents

This Shelf Prospectus is valid from its date until 08 January 2028. No Units will be issued or allotted on the basis of this Shelf Prospectus later than three (3) years after the issue date indicated on the cover of this Shelf Prospectus unless the Validity Period is renewed by the SEC. Copies of this Shelf Prospectus can be obtained free of charge at the office of the Fund Manager and the Issuing Houses and can also be downloaded from the respective websites of the Commission and the Issuer, throughout its Validity Period.

6. SUMMARY OF THE PROGRAMME

The following is a summary of the principal terms and conditions for any investment in the Fund. This summary does not purport to be complete and is taken from and qualified in its entirety by the remainder of this Prospectus and, in relation to the terms and conditions of any Offer, the applicable Supplementary Prospectus.

Words and expressions defined in the Shelf Prospectus shall have the same meaning in this summary. Prospective investors are urged to read the Shelf Prospectus in its entirely, along with the relevant Supplementary Prospectus as well as the Trust Deed, and to consult their own professional advisers as to the financial, tax and legal consequences of investing in the Fund.

Investors are advised to seek information on the fees, charges, and operating expenses before investing in the Fund.

FUND MANAGER/PROMOTER	FSDH Asset Management Limited a private company limited by shares and incorporated under the laws of Nigeria with RC number 434206. The Fund Manager is authorised and registered by the SEC to conduct the business of a fund/portfolio manager.
ISSUING HOUSE	FSDH Capital Limited.
TRUSTEE	UTL Trust Management Services Limited
CUSTODIAN	Zenith Bank PLC
PROGRAMME DESCRIPTION	A Programme for the issuance of Units of the FSDH Infrastructure Debt Fund, under which Units will be issued from time to time. No Units under this Programme shall be offered based on this Shelf Prospectus or any Supplementary Prospectus after the expiration of the Validity Period or any other validity period as enforced by the SEC from time to time, unless the Validity Period is renewed by the SEC. The Units under this Programme shall be constituted by the Programme Trust Deed and the applicable Series Trust Deed Undertaking. A Series Trust Deed Undertaking will be issued in respect of each Offer, provided that any terms and conditions relevant to additional Units, if any, under the Programme shall be governed by the relevant Series Trust Deed Undertaking. The Fund will have a finite life of 99 years with each tranche having a varying tenor.
LISTING AGENT	FMDQ Securities Exchange and/or the Nigeria Exchange Limited – Memorandum Listing
TRANSFER AGENT	CSCS or FMDQ
PROGRAMME SIZE	Up to ₦200,000,000,000.00 (Two Hundred Billion Naira).
PAR VALUE OF EACH UNIT	₦ 100.00
METHOD OF OFFER	Units under this Programme may be issued to Target Investors via a book build, public offering, private placement, or any other methods as specified in the applicable Supplementary Prospectus approved by the SEC.

ISSUING IN SERIES AND TRANCHES	The Units under this Programme will be issued in Series, and each Series may comprise one or more Tranches. Details of the terms specific to each Series and Tranche will be specified in the applicable Supplementary Prospectus.
OFFER PRICE	Units under this Programme may be offered at par or at any value determined by the Fund Manager. The Offer Price of a specific Series or Tranche shall be stated in the applicable Supplementary Prospectus.
CURRENCY	The Units of the Fund shall be denominated in Naira (₦). Foreign currency subscription will be processed at the applicable foreign exchange rate at the time of subscription. US$ denominated tranches may also be issued provided that the total size of the overall programme shall not exceed the sum of **₦ 200,000,000,000 (Two Hundred Billion Naira)**
LISTING	Each Series or Tranche will seek a memorandum listing in either of the SEC-licensed Exchanges as stated in the relevant Supplementary Prospectus.
NATURE OF THE FUND	The Fund is a Close-Ended unit trust scheme domiciled in Nigeria with the Units of the Fund denominated in Nigeria and is classified as an Infrastructure fund under the Rules for infrastructure Funds issued by the SEC. The Fund has a maximum term of 99 years, subject to early winding up provisions contained in the Programme Trust Deed. The Fund prioritizes investing in or providing financing for infrastructure projects, companies and SPVs located in Nigeria and Sub-Saharan African countries that are set up to provide product or services in the Agriculture, Healthcare, Transportation, Energy & Power, Information Communication and Technology, and Urban & Social Infrastructure. Therefore, the net proceeds from each Offer under the Programme will be used for providing capital via a broad range of investment structures and options such as senior debt, mezzanine and convertible debt, for the above stated Target Sector Range unless otherwise stated in the applicable Supplementary Prospectus of a Series or Tranche. Units under the Programme will be issued to Target Investors as defined in this shelf prospectus periodically in Series or Tranches based on the pipeline of opportunities, preferences of the Unitholders, and required investment size/ticket. Each Series or Tranche will have its own tenor which shall not exceed the life of the entire Programme. The tenor for each Series or Tranche shall be determined by the Fund Manager and specified in the applicable Supplementary Prospectus for the Units being issued.
TARGET RATE OF RETURN	The target yield is expected to be 3% - 5% above the Fund's benchmark which shall be the Federal Government 10-year bond yield provided that the benchmark shall be the relevant benchmark for the Fund for a period of at least 5 years.
TRANSACTION DOCUMENTS	1.Shelf Prospectus; 2.Programme Trust Deed; 3.Custodian Agreement; and 4.Solicitors opinion on claims and litigations.

INVESTMENT OBJECTIVE	The Fund's investment objectives include the following; 1.The Primary objective of the Fund is to provide Unitholders with consistent income streams through investments in debt or debt-related projects, enterprises, and SPVs, primarily situated in Nigeria and Sub-Saharan African countries that: i) Provide essential services within the Fund's target sector range ii) Have strong and predictable cash flows in local or foreign currency and have sufficient equity to absorb losses. 2.Utilising the net proceeds raised in each Series or Tranche, the Fund will make investments with the overarching aim of delivering Unitholders a yield 3%-5% higher than the corresponding benchmark which shall be the Federal Government 10-year bond yield provided that the benchmark shall be the relevant benchmark for the Fund for a period of at least 5 years, as outlined in the relevant supplementary prospectus. This goal is achieved by harnessing the underlying coupon in addition to supplementary fees payable by borrowers upon legal commitment, i.e., arrangement, commitment and management fees. The income generated by the Fund will be periodically distributed to Unitholders, following deductions for the operational expenses of the Fund. 3.The Fund's focus will be directed towards investments that offer substantial safeguards against anticipated and known risks that might jeopardize returns on invested capital and prospective investors' committed funds. 4.The income derived from the Fund, comprising interest accrued on disbursed loans, fees and dividends, will be distributed bi-annually to Unitholders, with deductions made for the Fund's operating expenses and relevant withholding tax. 5.Functioning as a Closed-Ended Fund, the Fund will actively strive to expand and diversify its investment portfolio over time. This strategic expansion is anticipated to bolster risk management, curbing the typical volatility linked to concentrated investments while promoting broader diversification.
INVESTMENT POLICY	The Fund will invest in senior, subordinated, convertible, mezzanine debt and other debt linked notes in target projects, companies or SPVs in the following sectors and businesses: • Agriculture: Farming Mechanization, Irrigation, Storage and Renewable Energy Power Plants at Farms. • Healthcare: Hospitals, Telemedicine, Diagnostic Centers and Equipment, Pharmaceuticals – Manufacturing & Storage. • Transportation: Roads/Railway/Maritime/Aviation Infrastructure, Logistics and Storage. • Energy & Power: Electricity Generation and Distribution, Renewables - Solar and Hydro, and Gas - Processing, Distribution, Storage, Midstream. • Information Communication and Technology: Data Center, Telecoms Infrastructure, Satellite Network, Fibre-Optic Cable Network, and Telecom Platform Extension - iDas, RAN, Mobile, and Rural Telephoning. • Urban & Social Infrastructure: Real Estate, Entertainment/Educational Infrastructure. *Other investment policies*

	• The Fund shall invest in specific opportunities under standard project finance, working capital and bridge finance arrangements, this will be subject to the term of each Series / Tranche with the aim of avoiding mismatch with the tenor of the financing arrangements. • The Fund may also invest in money market instruments with a minimum rating of "BBB", with the aim of minimizing the impact of cash drag on return to investors and to effectively manage liquidity and cashflow. The underlying structure of the investments may be in fixed or floating rate instruments and these rates may be priced with a premium above a benchmark instrument. • The nature of the loans would typically be bilateral, syndicated or refinancing existing loans with adequate protections. • The Fund shall generate income from periodic interest received on loans disbursed, and such incomes would be passed on to investors net of permissible expenses on a programmed periodic basis (e.g. semi-annually).
EXIT STRATEGY	The Fund may exit investments prior to maturity via any of the following options: 1) Refinancing (i.e. an external party can take over its investment for the remaining life) 2) Negotiation with borrowers for accelerated payment 3) Sourcing for equity investors (subject to negotiations with the borrowers).
INVESTMENT RESTRICTIONS AND LIMITS	The Fund shall not invest in: i. Any unlisted security of the Fund Manager or its associate or group company. ii. Any listed security issued by way of private placement by the Fund Manager or its associate or group company. iii. Any listed security of the Fund Manager or its associate or group company in respect of completed and revenue-generating projects of infrastructure companies or special purpose vehicles of the sponsor or its associate or group companies, more than 25% of the net assets of the scheme, subject to the approval of the Trustee and full disclosures to investors for investments made within the aforesaid limits. iv. more than 25% of its net assets in money market instruments issued by a single issuer when it comes to such investments. v. Units of the Fund are restricted to Target Investors (QIIs and HNIs). vi. Fund Manager's mandatory subscription is 3% of the fund's units or in accordance with the SEC Rules and Regulations the Fund Manager shall subscribe to a minimum of 1% in the event that the Fund has a Development Finance Institution or Sovereign Wealth Fund as an investor. vii. The Fund will not invest more than 30% of its net assets in debt instruments of any company or project or special purpose vehicles which is created for the purpose of facilitating or promoting investment in the target sector range in respect of completing revenue generating projects of any single company or project or special purpose vehicle, which is rated below investment grade or unrated; provided that such investment limit may with good cause, be extended up to 50% of the net assets of the scheme, with the prior approval of the Trustees, the Fund's Investment Committee and the board of the Fund Manager as

<table>
<tr><td></td><td colspan="2">applicable.

The Fund's investments and activities will be subject to the investment restrictions within the overall limits and rules defined by the SEC from time to time. The limits and restrictions will also be in accordance with the Trust Deed and Supplementary Prospectus for any Offer and approved by the Trustee.</td></tr>
<tr><td>ISSUANCE OF UNITS</td><td colspan="2">The Fund may issue Units from time-to-time, as determined by the Fund Manager. Issuances after the Initial Offer will be subject to the net proceeds from previous Offer(s) being substantially committed to or utilised for funding of infrastructure loans.

Any new Units offered for subscription through a Follow-on Offer shall rank pari-passu in all respects with the existing Units. The new Units shall be eligible to participate in such Distribution on a pro-rata basis, for the period in which they have been in issuance.</td></tr>
<tr><td>BUY BACK OF UNITS</td><td colspan="2">At the request of the Fund Manager, the Trustee shall approve the buyback of Units from Unitholders. The maximum number of Units that can be bought back is restricted to 20% of the aggregate issued Units, during the life of the Fund.

The maximum price for the buyback including any applicable brokerage or commission, shall not exceed the latest available Net Asset Value per Unit of the Fund. The buyback notice shall also specify the other terms of the buyback including maximum number of units to be bought back and the other conditions under which such buyback is to be affected, including the timeframe for execution of the buyback.</td></tr>
<tr><td>INCOME AND DISTRIBUTIONS</td><td colspan="2">Considering the amount of income realized, the Fund aims to split the net income to Unitholders in accordance with current regulations. The Fund Manager shall decide what is in the best interest of the Unitholders when evaluating the income of the Fund, net of expenses, to be distributed semi-annually. The dividends from the Fund will be split among all Unitholders as of the Qualification Date.</td></tr>
<tr><td>STATUS</td><td colspan="2">The Units qualify as securities in which Pension Fund Assets can be invested under the Pension Reform Act No. 4 of 2014, and securities in which Trustees may invest under the Trustee Act.</td></tr>
<tr><td>FEES AND OTHER EXPENSES</td><td>Fund Manager</td><td>An annual management charge of not more than 2.0% of the Net Asset Value of each Series or Tranche, accruable monthly and payable quarterly in arrears.

The Fund Manager may charge an incentive fee if the Fund beats the applicable target rate of return for any Series or Tranche issued under the Programme. The incentive fee of not more than 20% will be charged on the excess returns above the appropriate target rate of return.

The annual management fee and incentive fee (if applicable) for each Series or Tranche shall be stated in the relevant Supplementary Prospectus.</td></tr>
</table>

	Custodian	An annual fee of Max of 0.05% on offer size, the percentage of which is to be determined under each Series or Tranche, accruable daily, payable quarterly in arrears.
	Trustee	An annual fee Max of 0.045% on offer size, the quantum of the Trustee fees shall however be subject to review once every 2 (two) years, with the Commission's prior approval, following the establishment of the Fund.
	Issuing House	A fee of 0.25% on the total fund size raised per series.
	Due diligence costs	Cost and expenses related to the third-party due diligence by the Fund will be charged to the Fund on actuals, to the extent not reimbursed by the borrower or issuer.
	Others	All other expenses in connection with operating and maintaining the Fund including fees payable to the Registrars, advert, printing, and audit expenses, amongst others, shall be deducted from the income generated by the Fund.
	Total expense ratio	The total expenses of each Series or Tranche under the Fund shall not exceed 3.5% of the Net Asset Value of the Series or Tranche, per annum
	Offer-related Expenses	The costs, charges, and expenses associated with an Offer, including fees due to the SEC, the Issuing House, solicitors, brokerage, printing, and distribution expenditures, are limited to 1.65% of the gross proceeds of the relevant Offer. The Fund will bear the costs, which will be deducted from the amount raised for the relevant Offer.
MANDATORY SUBSCRIPTION	The Fund Manager will subscribe to and hold a minimum of 3% of the registered Units of the Fund. In accordance with the SEC Rules and Regulations the Fund Manager shall subscribe to a minimum of 1% in the event that the Fund has a Development Finance Institution or Sovereign Wealth Fund as an investor.	
RISKS	An investment in the Fund involves various risks which may or may not occur. Consequently, it is important to have a complete understanding of the investment strategies and underlying products from which the Fund derives its value, to evaluate the risks. These risks are outlined in full on pages 83 – 89 of this Shelf Prospectus.	
UNIT STATEMENTS	Unitholders will be issued with electronic statements which shall constitute evidence of title to the number of Units specified on such statements.	
GOVERNING LAW	The Fund issued and all related contractual documentation will be governed by and construed in accordance with Nigerian Law.	

BENCHMARK	The Fund's benchmark shall be the Federal Government 10-year bond yield provided that the benchmark shall be the relevant benchmark for the Fund for a period of at least 5 years.

7. PROFESSIONAL PARTIES TO THE OFFER

FUND MANAGER:
FSDH Asset Management Limited
UAC House
4th Floor, 1-5 Odunlami Street
Lagos Island
Lagos TOYIN OWOLABI

TRUSTEES TO THE FUND:
UTL Trust Management Services Limited
2nd Floor, ED Building, No. 47 Marina
Lagos Island
Lagos.
Olufunke Aiyepola

ISSUING HOUSE:
FSDH Capital Limited
UAC House
4th Floor, 1-5 Odunlami Street
Lagos Island Abimbola Kasim
Lagos

CUSTODIAN TO THE FUND:
Zenith Bank PLC
Plot 2 (11th Floor)
Ajose Adeogun Street, Victoria Island
Lagos FOLUSHO OGUNDELE

SOLICITORS TO THE FUND:
Udo Udoma & Belo Osagie
St Nicholas House
(10th, 12th & 13th Floors)
Catholic Mission Street
Lagos
Y. NWA EDU

REGISTRARS TO THE FUND:
First Registrars & Investor Services Limited
2 Abebe Village Road
Iganmu
Lagos AMINU A. AKINYEMI

VALUATION ADVISER TO THE FUND:
Deloitte and Touche
Civic Towers, Plot GA 1
Ozumba Mbadiwe Avenue
Victoria Island
Lagos ABIMBOLA OGUNDARE

8. OVERVIEW OF THE PRIVATE AND INFRASTRUCTURE DEBT MARKET IN NIGERIA

8.1 PRIVATE DEBT MARKET OVERVIEW

Private debt is the provision of debt finance to companies or projects from funds rather than banks or public markets. It stands apart from public debt and traditional bank loans in many favourable ways like its flexibility and adaptable structures that cater to both borrower and lender needs, its streamlined regulations, its appeal to selective investors, and its balanced risk-reward dynamics. Despite being less liquid, private debt offers exclusive opportunities by opening doors to diverse sectors beyond the reach of public debt.

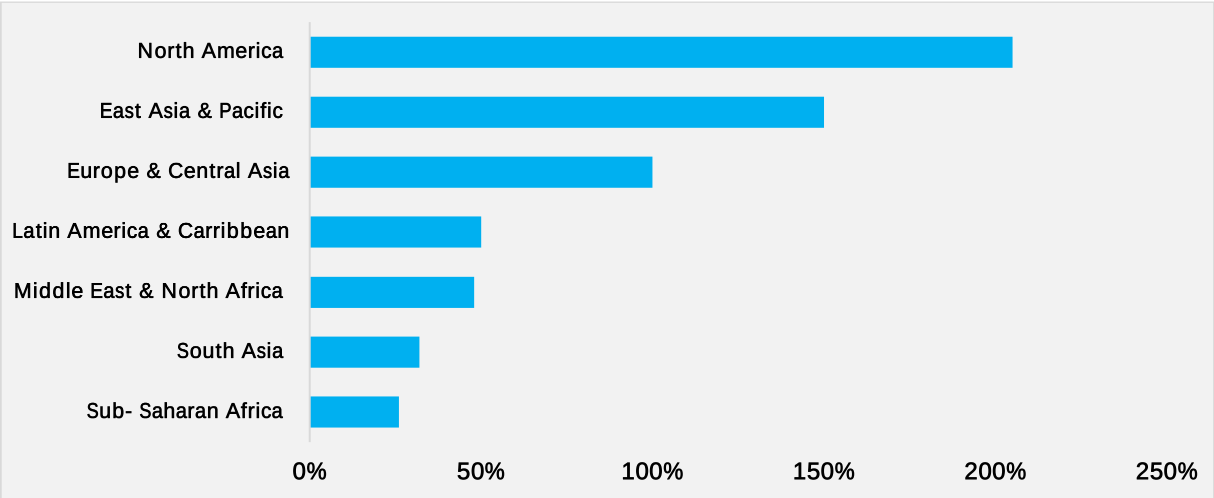
Private debt markets are assuming an increasingly crucial role across diverse sectors in global economies and hold significant potential for financing infrastructure projects and supporting the growth of high-potential SMEs in Nigeria and the broader African region. Despite this potential, the private debt asset class remains a small fraction of the long-term financing landscape in African economies.

It is worth noting that private debt is a well-recognized asset class for institutional investors, offering enticing prospects of attractive risk-adjusted returns and portfolio diversification. This asset class encompasses various debt types, including corporate debt, real estate debt, infrastructure debt, distressed debt, direct lending, bridge financing, and venture debt. These debt instruments are typically structured as either secured senior loans or unsecured subordinated/mezzanine loans.

Private Debt Activity in Global Economy

Globally, the inception of private debt traces back to the late 1980s in the US, initially emerging to structure and directly vend debt to domestic insurance companies, often referred to as the private placement market. However, the subsequent surge in the private debt market occurred in the lead-up to the GFC as private debt found its way into the securitization market through innovative structuring and repackaging. Despite the challenges posed by the GFC, private markets continued to experience robust growth, buoyed by persistently low interest rates, ample credit availability, and consistent valuation increments.

Credit to the Private Sector as a % of GDP



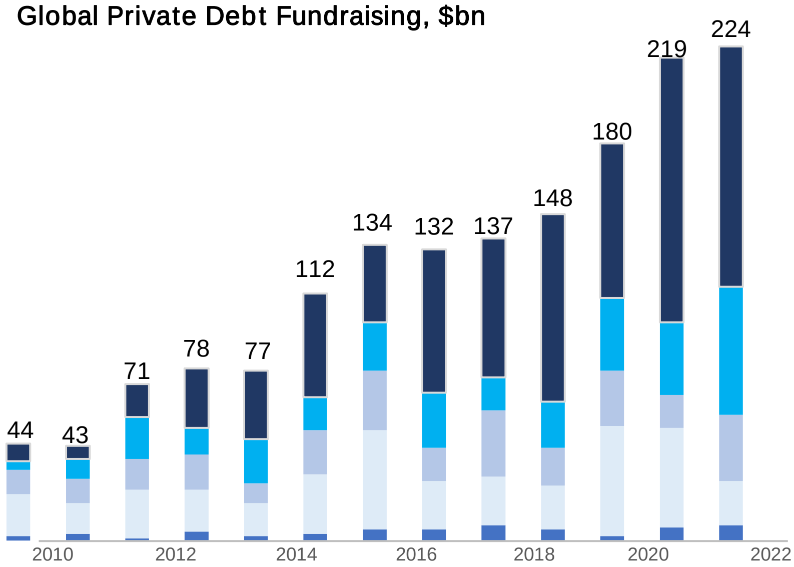
Source: World Bank Development Indicators, FSD-Africa-Private-Debt-Markets-Study (2022)

In the United States and Europe, private debt has gained recognition as a distinct asset class among institutional investors, promising the potential for appealing risk-adjusted returns and portfolio diversification. Within these markets, private debt encompasses a spectrum of categories, including corporate, real estate, infrastructure, and distressed debt, along with direct lending, bridge financing, and venture debt. These variants are formulated as secured senior loans or unsecured subordinated/mezzanine loans.

Meanwhile, in emerging markets, the private debt landscape remains smaller than that of the US and Europe. While Asia dominates the emerging market for private debt, Central and Eastern Europe, Africa, and the Middle East exhibit much smaller markets.

Remarkably, the private debt sector has sustained a trajectory of fundraising growth, uniquely positioned as the sole private asset class to achieve fundraising expansion each year since 2011, even navigating through the challenges of the pandemic. This remarkable resilience stems in part from the diverse array of private debt products, often displaying counter-cyclical behaviour – as one product experiences an uptick, another tends to experience a downturn. Over the extended term, the surge in direct lending products has been the primary driver of growth, contributing to 73% of fundraising expansion in the past decade.

Global Private Debt Fundraising, $bn



	2017-22 CAGR, %	2021-22 growth, %
Total	11.1	2.1
Direct Lending	11.3	-13.8
Special situations	10.4	79.9
Mezzanine	28.4	238.5
Distressed debt	-6.0	-68.8
Venture debt	-30.2	-63.3

Source: Preqin, LHGP analysis, individual Private Debt fund portfolios (2022)

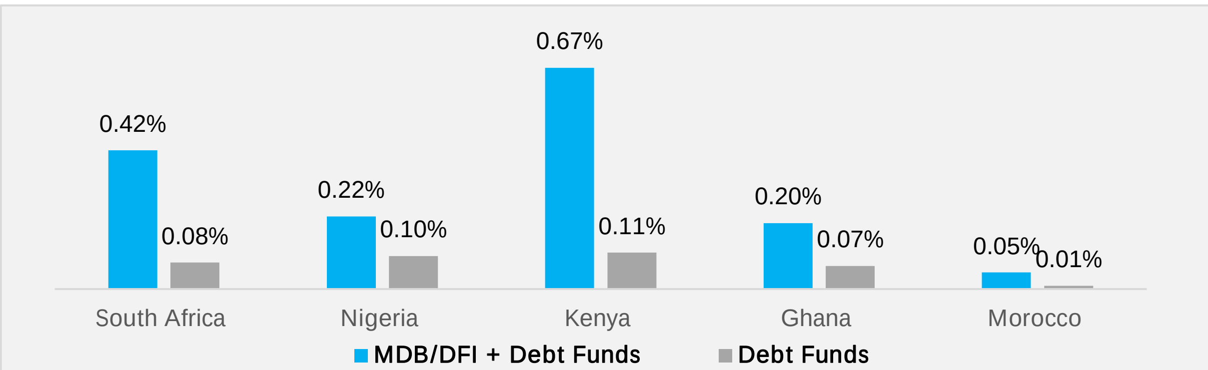
Private Debt Activity in Africa

In Africa, private debt represents a relatively small but steadily growing sector within the financial market Sub-Saharan Africa, however, lags other global regions in terms of access to credit indicators, particularly when measured by the credit extended to the private sector as a percentage of GDP. Despite this, the market is witnessing increasing interest from both international and African investors.

Historically, DFIs and MDBs have been the dominant players in the Private debt market, using it as a proven tool for making direct investments in infrastructure financing through corporate loans and project finance structures. Over time, a new group of specialized funds has emerged, following the precedents set by DFIs and MDBs in terms of track record and legal documentation. This growing pool of funds has the potential to become a significant source of financing for Africa's various funding needs.

The chart below presents the analysis of private debt transactions (including MDB and DFI financing), concluding that the ratio of Private Debt to GDP in Africa is slightly lower than that of the US and Europe.

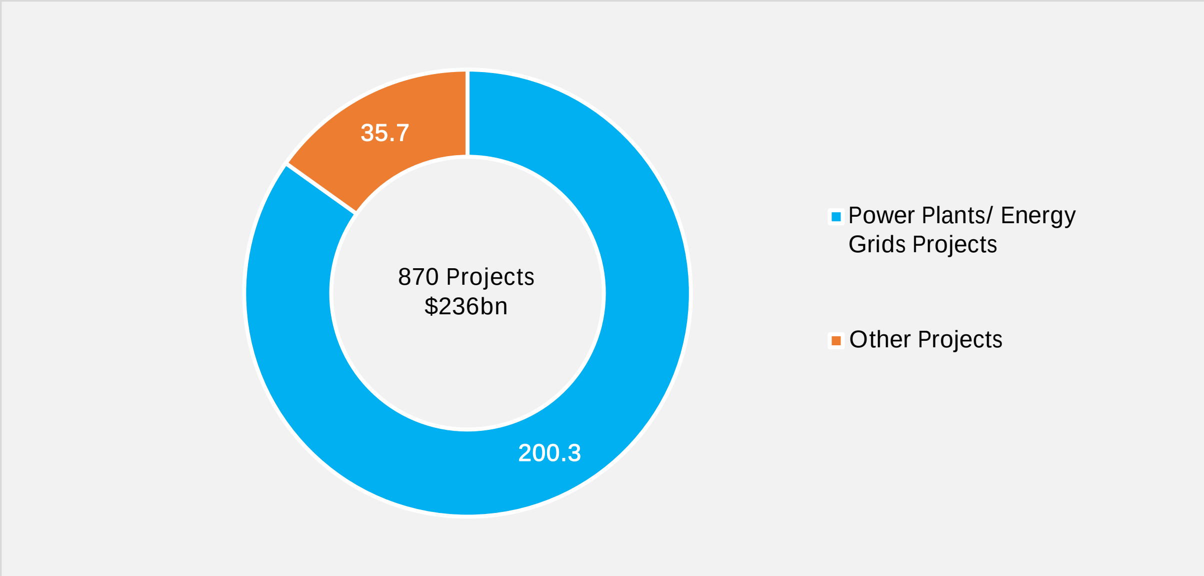
Private Debt as a % of GDP for Select African Countries



Source: Refinitiv, Preqin, LHGP analysis, individual Private Debt fund portfolios (2022)

In Africa, one of the primary drivers of demand for Private debt is the financing of infrastructure type projects that require project finance-type funding. Infrastructure development remains a top priority for African governments, development partners, and Africa-focused MDBs. A significant portion of the planned infrastructure projects in SSA involves the construction and enhancement of transport infrastructure, including roads, aviation, ports, railways, electricity transmission, pipelines, ICT infrastructure, trade inland ports and waterways, and refineries.

Pipeline Infrastructure Projects in SSA



Source: Fitch Solutions

Private Debt Activity in Nigeria

Nigeria is Africa's largest economy with a GDP of $477.39bn (2022). Crude oil is the mainstay of the economy providing majority of its revenue and foreign exchange receipts, positioning Nigeria as the biggest oil producer in SSA, producing an estimated 1.5 million barrels per day.

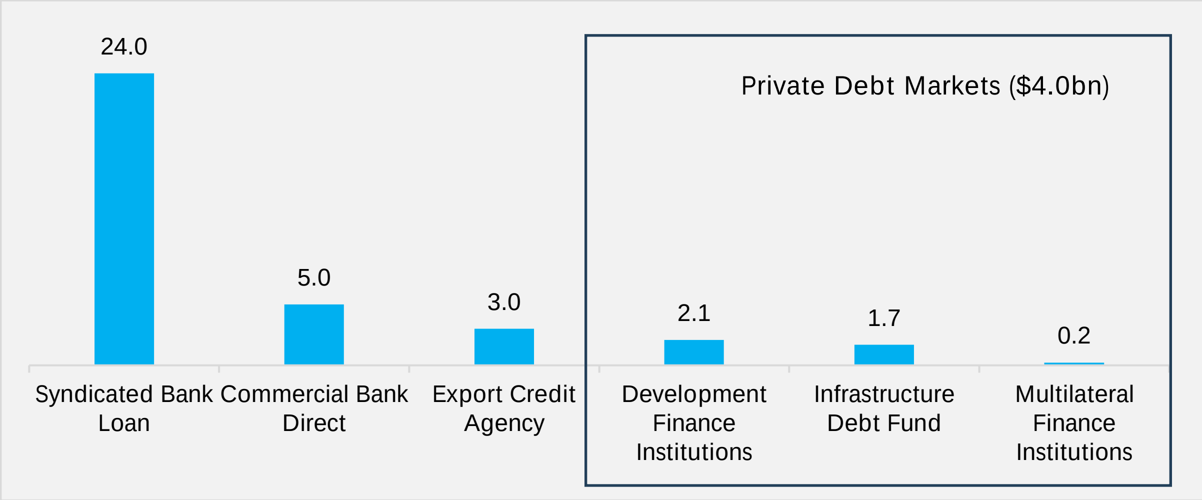
Nigeria has a relatively active non-bank Private debt market with an investor base comprising infrastructure debt funds, insurance companies, asset managers and HNWIs. Private debt activities in Nigeria is regulated by the SEC driven by its oversight function over the capital market.

Nevertheless, despite these favourable attributes, a funding gap remains prevalent across vital sectors within Nigeria and improving access to credit has been high on the agenda of several international organizations and policymakers for many years. This is mostly because a large part of the world lives in poverty, with individuals and businesses lacking access to credit, Nigeria has a high poverty rate, with about 86 million people living in extreme poverty and about 146 million people living below the upper-middle-income line. These contribute to why a lot of individuals require access to credit to meet short, medium, and long-term financial needs.

Improving access to credit to Nigerian individuals and businesses has been high on CBN's agenda in recent times, with the apex bank unfolding measures to increase lending to the real sector and create job opportunities. A few of these measures include the use LDR and intervention funds to stimulate and bridge the existing credit gap. In 2019, the CBN raised the minimum LDR from 60% to 65% and has decided to retain this level in the interim. The measure was a directive to ensure that banks give out more loans to stimulate the economy, bridge the credit gap in the country, and increase financial inclusion.

Closing the credit gap will accelerate economic growth by creating more depth in the Nigerian financial market. Increased technological interconnectivity, sustainable income growth immediate access to goods and services as well as an increasingly stable investment environment are some of the likely knock-on effects.

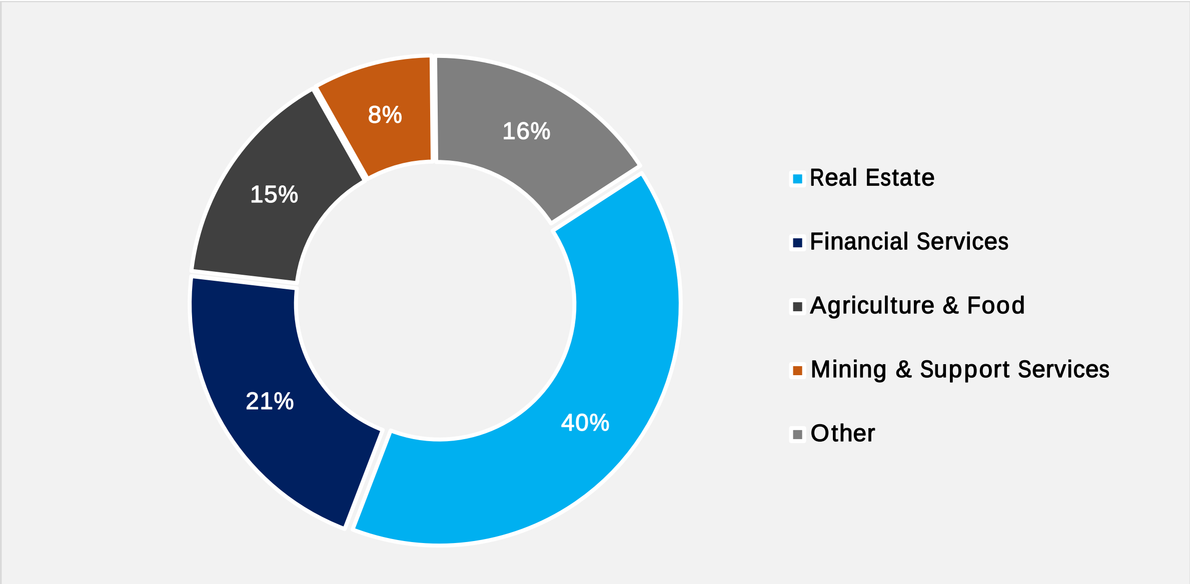
Provider of Debt Capital in Nigeria



Source: Refinitiv, Preqin, LHGP analysis, individual Private Debt fund portfolios (2022)

Key sectors that received this funding were Real Estate (accounting for 40% or USD 1.60bn), Financial Services accounting for 21% ($0.90bn) Agriculture and Food (15% or $0.60bn) and Mining and Support Services receiving 8% ($0.30bn).

Private Debt Financing by Sector In Nigeria



Source: Refinitiv, Preqin, LHGP analysis, individual Private Debt fund portfolio (2022)

8.2 ADDRESSING THE CREDIT AND INFRASTRUCTURE GAP

Nigeria is currently facing a significant financial deficit in its critical sectors. According to the NIIMP, the nation requires approximately $2.30trn over a span of 23 years ($100bn yearly) to effectively address and bridge this deficit over the medium-term period of 2021-2025.

The plan, which serves as the strategic blueprint for advancing infrastructure development in the nation was formulated to span a period of 30 years beginning from 2014-2043 includes a stable economic structure that shows how investing in key economy areas including Housing, Energy, Agriculture, ICT, Transport, and security etc. will affect future economic growth and unemployment. It takes into consideration budget constraints and changes happening both within the country and globally.

Despite efforts in recent years which includes initiatives such as the National Vision 20:2020 (NV 20:2020) and the ERGP for 2017-2020, along with the allocation of a minimum of 30% to capital projects in the Federal Annual Budgets since 2016, the government still acknowledges the existence of a significant infrastructure deficit throughout the country.

This is further underscored by Nigeria's ranking on the Africa Infrastructure Development Index when compared to other African nations such as Egypt, South Africa, Kenya, Algeria, Ethiopia, Ghana, Morocco, and others over the past eight years with marginal improvement over the years for Nigeria.

Africa Infrastructure Development Index Ranking

	Country	2016	2017	2018	2019	2020	2021	2022
1	Seychelles	93.93	94.11	94.32	94.97	96.73	98.45	98.88
2	Egypt	85.66	85.35	85.85	87.23	88.39	88.74	89.91
3	Libya	77.79	79.27	81.41	81.89	8.30	83.62	84.72
4	South Africa	75.52	79.63	78.53	78.43	79.34	80.19	81.67
5	Mauritius	74.08	75.49	76.79	77.50	79.12	79.87	80.44
6	Tunisia	66.26	66.97	68.98	69.30	70.57	71.85	72.53
7	Morocco	62.41	61.99	64.88	64.87	66.53	66.92	68.16
8	Algeria	53.39	54.04	55.79	57.08	57.87	58.91	59.99
9	Cabo Verde	49.43	50.43	47.96	47.96	48.88	49.07	49.80
10	Botswana	35.63	36.61	36.79	36.96	37.50	37.90	39.02
11	Gabon	27.75	28.08	30.67	31.17	31.29	31.86	32.46
12	Ghana	26.10	27.38	28.84	29.51	30.13	30.68	31.81
13	Senegal	24.71	25.26	25.97	28.30	29.22	30.30	31.30
14	Namibia	28.80	28.64	28.65	28.95	29.98	30.11	30.53
15	Gambia	27.61	28.16	28.51	28.97	29.54	30.16	30.31
16	Swaziland	24.63	25.43	25.76	27.11	28.21	28.42	29.12
17	Sao Tome and Principe	27.38	27.18	27.14	27.14	27.54	27.71	28.29
18	Kenya	24.37	24.93	25.60	25.92	26.09	26.52	27.52
19	Zimbabwe	24.15	24.43	24.52	24.42	25.54	26.23	26.65
20	Zambia	21.55	22.12	22.29	23.22	23.97	25.05	26.04
21	Djibouti	23.93	24.30	24.46	23.89	24.65	24.89	25.46
22	Comoros	22.12	22.15	23.50	23.62	24.13	24.40	25.09
2.	Cote d'Ivoire	19.06	19.66	21.96	23.28	24.18	24.16	24.90
24	Nigeria	20.60	21.64	22.37	22.76	23.27	23.73	24.53
25	Malawi	18.45	18.44	21.02	20.81	21.79	21.92	22.84

Source: Africa Development Bank (2022)

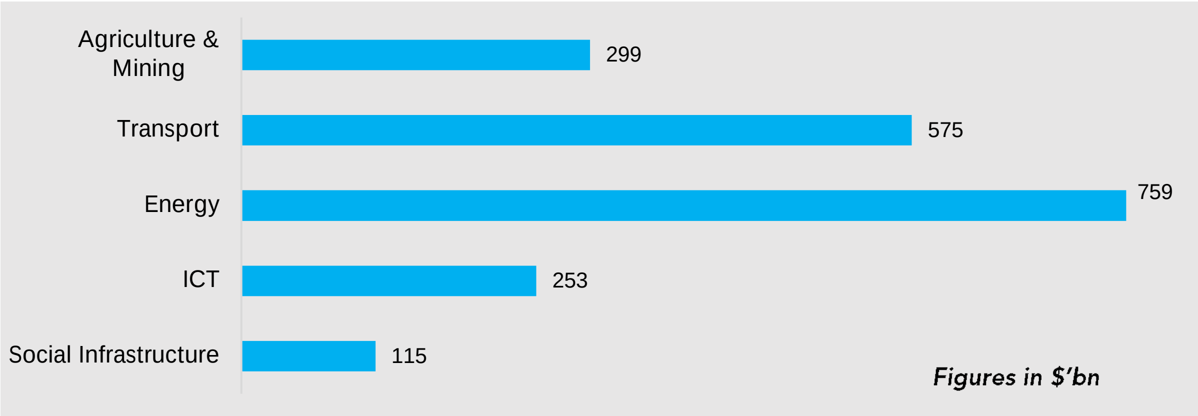
In the upcoming decade, Nigeria's population is projected to experience substantial growth, increasing from its present estimate of around 190 million individuals to approximately over 200 million.

This demographic shift is anticipated to create considerable future demands for the expansion of infrastructure, aimed at alleviating congestion and the stress on existing networks.

The absence of substantial enhancements in Nigeria's foundational infrastructure could significantly jeopardize the potential for economic progress and overall development. This highlights the significance of the NIIMP, as it stands to offer substantial solutions in mitigating these challenges.

To effectively tackle and close the deficit according to the NIIMP, it has been projected that Nigeria requires the following annual investment throughout the planned duration (23 years).

NIIMP Sector Investment Requirements



Source: NIIMP (2020)

The government funded the execution of ongoing operations, and upkeep of projects in key sectors using budgetary allocations over the years. However, this approach has demonstrated its inadequacy due to constrained resources.

As a result, a pressing requirement has emerged for private capital to play a pivotal role in bridging the financing gap. Despite the LDR measures introduced by the CBN, commercial banks find themselves unable to fulfil the substantial financing needs necessary to address the significant infrastructure and financing deficit within the country.

Definition of Scope for the NIIMP

Asset Class	In scope (examples)
Transport	• Road, Rail, Seaport and Airport: include investment in building the asset (e.g., construction equipment cost).
Energy	• Generation, transmission, and distribution (includes power equipment). • Refineries, Oil and gas pipelines.
ICT	• Investment in telecom lines and transmission towers, alongside broadband fibre optics network,
Social Infrastructure	• Public utility buildings (schools, hospitals).
Housing and Regional Development	• Low-income (social) housing.
Security and Vital Registration	• Public utility buildings (police offices, barracks, fire stations).
Agriculture, Water and Mining	• Water treatment plants. • Irrigation systems. • Rail and waterway mining Infrastructure.

Source: NIIMP (2022)

8.3 REVIEW OF KEY TARGETS SECTORS

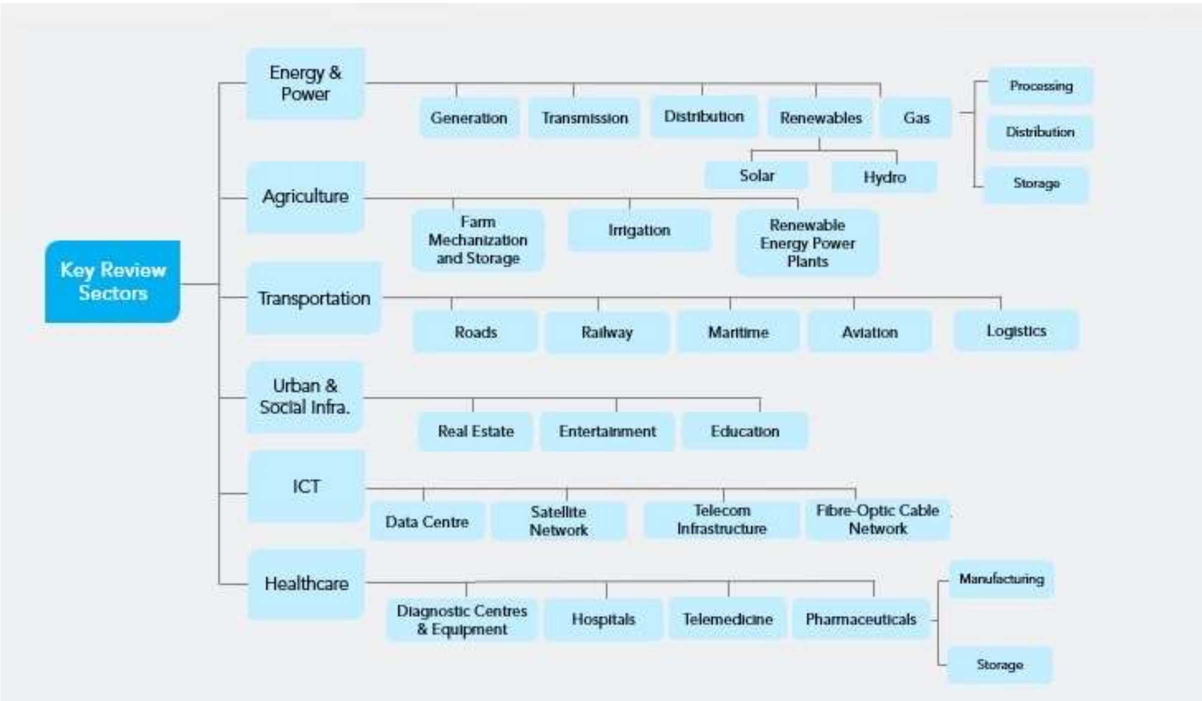
A comprehensive approach to driving economic growth in Nigeria involves harnessing performance of the following strategic sectors which are also the target asset classes identified in the NIIMP.

- The energy sector, traditionally reliant on oil and gas, currently contributes 4.70% to the overall GDP as of Q4 2023. However, its potential can be elevated by diversifying into renewable sources such as solar and wind energy. This move would bolster energy security and simultaneously create employment opportunities.

- Driven by the need to cultivate a dynamic digital economy in Nigeria, the Information Communication Technology (ICT) sector is another strategic sector that with time has shown potential, it constitutes 16.66% of GDP in the fourth quarter of 2023, showcasing a remarkable growth rate of 6.33%. Investments in broadband infrastructure, digital literacy, and emerging tech startups are pivotal in cultivating a dynamic digital economy.
- The healthcare sector, which was allocated 4.47% of the 2024 fiscal budget, aided by enhanced infrastructure and public-private collaborations, has the potential to enhance workforce efficiency and overall societal well-being.
- The agriculture sector also holds promise for further growth through technology-driven enhancements and agribusiness initiatives, ensuring heightened productivity, food security, and rural advancement. The sector currently contributes 26.11% to the Real GDP by Q4 2023.
- Similarly, strategic investments in transportation infrastructure encompassing roads, railways, ports, and airports, can yield reduced logistical costs, stimulate trade, and attract foreign investments.
- The realization of these sectors' full economic potential rests on the foundations of well-executed policy implementation, education, regulatory enhancements, and the steadfast promotion of inclusive growth that encompasses all segments of society.

It is against this background that the Fund has mirrored the same sectors as its focus of investment and intervention in the private debt and infrastructure market.

Target Sector Range



8.3.1 ENERGY AND POWER

Prior to 2001, NEPA, a state-owned monopoly, managed power generation, transmission, and distribution. NEPA operated as a vertically integrated utility, with around 6,200MW generation capacity from 2 hydro and 4 thermal plants. This led to unreliable power supply, frequent outages, and a lack of infrastructure maintenance.

In 2001, electricity sector reform began with the National Electric Power Policy. Its goal was to transfer ownership of industry assets to the private sector, forming structures for a sustainable electricity market. In 2005, the Electric Power Sector Reform Act established the NERC as a regulator. The PHCN emerged as a transitional entity, including 18 successor companies from NEPA (6 generation, 11 distribution and 1 transmission).

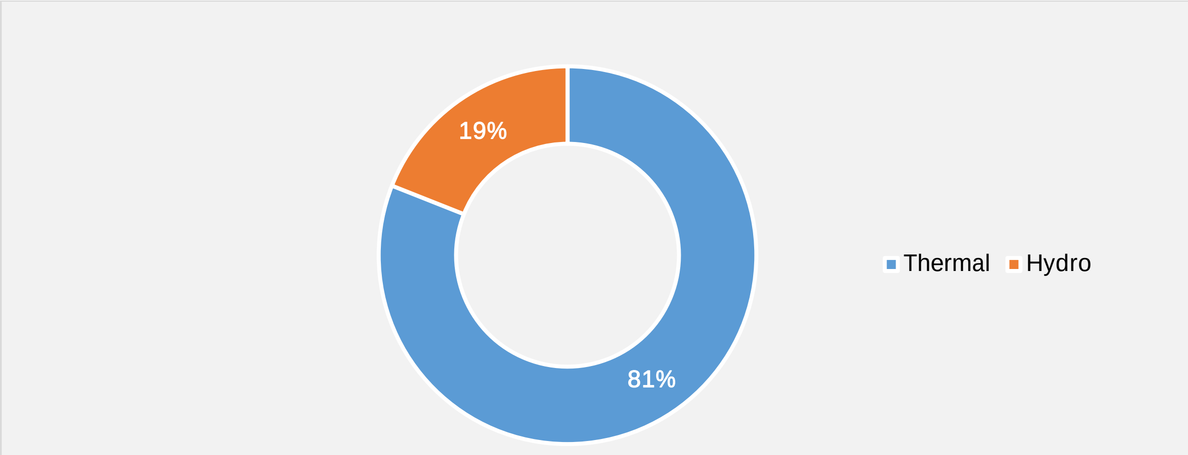
By November 2013, the privatization of all generation and 10 distribution companies concluded, with the government retaining the transmission company.

The 11th distribution company was privatized in November 2014.

Generation

Nigeria with its fast-growing population has one of the largest energy gaps in the world and is in clear need of an improved power sector. The Nigerian power sector neither meets the existing demand for power nor delivers uninterrupted reliable electricity. The sector generates most of its power through thermal and hydropower.

Power Generation in Nigeria



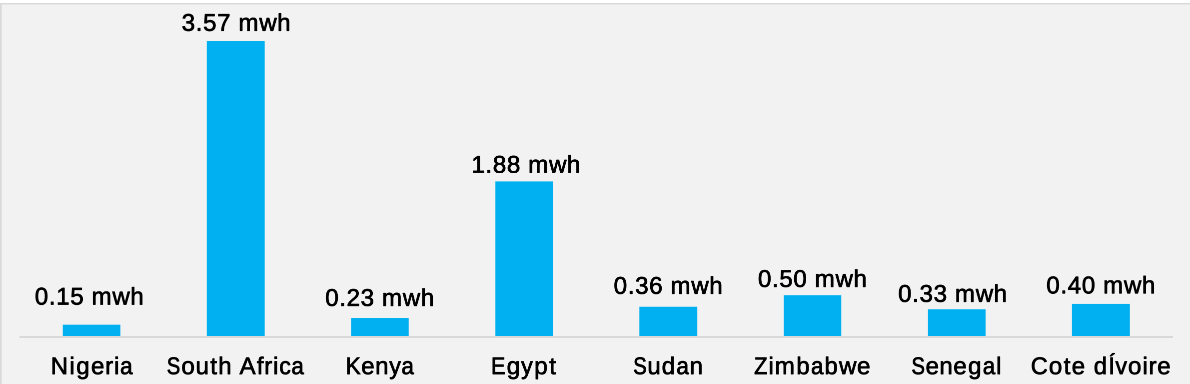
Source: mondaq.com

However, the actual generation sent to the national grid for distribution to citizens has remained relatively low averaging between 4,100MW to 4,200MW daily over the past eight years with a slight movement evidenced in the peak of 4,753MW recorded in 2023 (compared to its actual capacity of 13,000MW). Gas supply constraints, inefficient T&D infrastructure, and delays to the construction of new capacity weighs on generation growth and consequently curb consumption.

Based on the chart below, there is a huge disparity in electricity generation efficiency between Nigeria and other nations which signifies a gap needed to be bridged by various sources of funding to reduce the infrastructure gap.

Nigeria's consistent struggle to surpass 35% of the total installed generation capacity is rooted in longstanding challenges related to the market, infrastructure, and regulatory landscape. A lack of investment in the sector by a succession of governments over the past 25 years has also contributed to the worsening power supply, resulting in significant load shedding across the country. Despite the Nigerian government's concerned efforts to address the challenges in the power sector, progress has been relatively muted.

Nigeria Electricity Generation Per Capita Vs. Other African Nations



Source: ourworldindata.org (2022)

As part of recent government intervention, the 2023 Electricity Bill was signed with the goal of improving overall power generation and distribution. The bill aims to facilitate policies which will promote the development of new grid infrastructure, to improve the outdated grids that result in electricity losses.

With the new law, states would be able to issue licenses to private investors who could operate mini-grids and power plants, but such state licenses are not to extend to inter-state or transnational distribution of electricity.

Transmission

The TCN manages the electricity transmission network in the country. TCN is presently fully owned and operated by the government and licensed activities include electricity transmission, system operation, and electricity trading. It is responsible for evacuating electric power generated by the GenCos and wheeling it to DisCos.

The Federal Government recently announced plans to boost electricity with the completion of 47 new transmission projects across the nation, increasing available capacity from the current 5,300MW to 7,500MW. In addition to this plan, TCN has commenced work on the pre-development of projects with the aim to increase transmission capacity to 20,000MW by 2023. As of January 2019, reports indicated that more than 2,100km of 330KV and 800km of 132KV transmission lines had been completed under the NIPP by the Niger Delta Power Holding Company. While this does indicate progress on improvements in the grid network as a whole, overall electricity losses is still relatively high.

Distribution

During the year 2013, NEPA underwent a process of privatization, leading to the establishment of the DisCos. DisCos were created as part of Nigeria's power sector reforms, aimed at improving the efficiency and reliability of electricity supply across the country. There are 11 DisCos in Nigeria, these companies occupy the last node of the electricity value chain.

By providing the connection between the generators of electricity and the end-users, DisCos bear the burden of the quality and reliability of service delivery at the end of the supply chain.

These companies are tasked with collecting electricity bills from consumers, acting as intermediaries for the power market. They subsequently transfer these collected funds to the power market by collaborating with the Nigerian Bulk Electricity Trading Plc and the Market Operator, which is an entity under the Federal Government's TCN.

Nevertheless, even after the privatization process, DisCos continue to grapple with significant operational hurdles, which are evident in their functioning and service provision. These challenges encompass various aspects:

- Inadequate and unstable grid energy supply.
- Issues with network infrastructure - overloaded transformers and feeders, outdated equipment, limited network coverage, and lack of automation.
- Difficulties with tariff structures and revenue shortfalls - tariffs that do not reflect costs accurately, low efficiency in revenue collection.
- Metering complications - low meter installation rates, reliance on estimated billing, insufficient meter upkeep.
- Operational issues - extended feeders, workforce quality, expansive operational regions.
- Instances of energy theft.
- Financial obstacles, including the absence of sustained long-term funding for capital expenditure investments and elevated borrowing costs.

To address the industry debt from collection shortfalls by distribution companies, the CBN also introduced a few intervention initiatives one of which is the ₦701bn Payment Assurance Guarantee. This initiative was to facilitate the settlement of invoices from GenCos through the Nigerian Bulk Electricity Trader. The CBN's comprehensive intervention in the power sector encompasses a total of ₦1.514trn, distributed across the Electricity Market Stabilization Fund, Power and Airline Intervention Fund, and NBET Payment Assurance Facility.

Renewable Energy

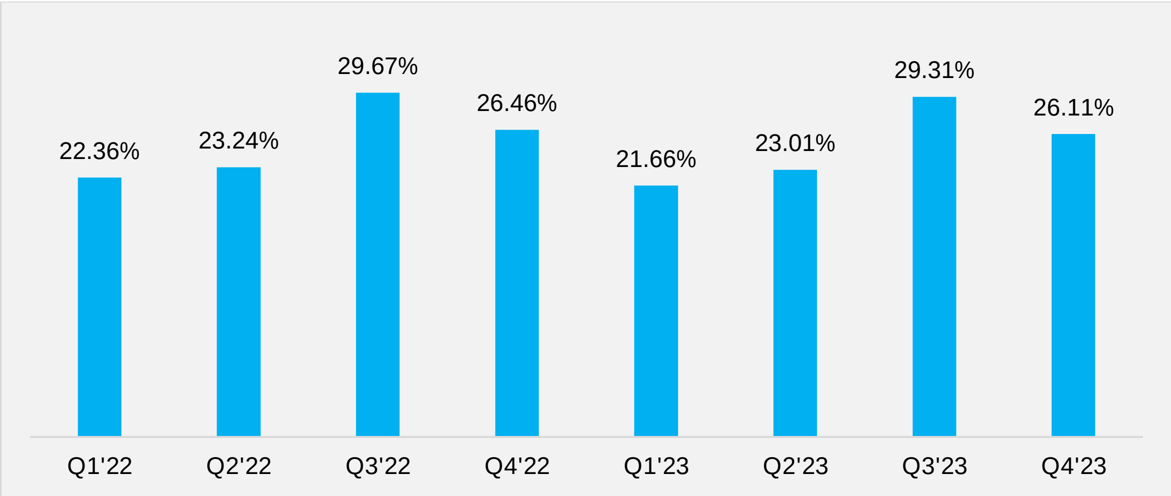
Nigeria's abundant renewable energy resources are largely untapped and, challenges such as insufficient gas and grid infrastructure have hindered the growth of the traditional power sector and have necessitated the need to move beyond gas-fired power plants to the utilization of renewable energy and supplement on-grid power with off-grid renewable solutions. The Nigerian government has set a capacity expansion target of 30,000MW installed on-grid capacity by 2030 with grid-connected renewable energy contributing 13,800MW (45% of generation). Consequently, 14 solar projects have been licensed, cumulatively accounting for up to 1,286MW current installed capacity.

The Electricity Act 2023 seeks to create a market for renewable energy and stimulate investments in the sector as electricity generating companies will be mandated to either generate power from renewable energy sources, purchase power generated from renewable energy or procure any instrument representing renewable energy generation. The Electricity Act also mandates the imposition of renewable purchase obligations on distribution or supply licenses.

8.3.2 AGRICULTURE

The agriculture sector (mainly propelled by crop production) continues to maintain its position as the primary driver of the country's GDP in real terms. In the first quarter of 2023, the sector contributed 21.66% to the GDP; although this figure was slightly lower compared to its contributions in both the first and fourth quarters of 2022, which stood at 22.36% and 26.46%, respectively.

Agricultural Sector Contribution to Real GDP



Source: NBS (2023)

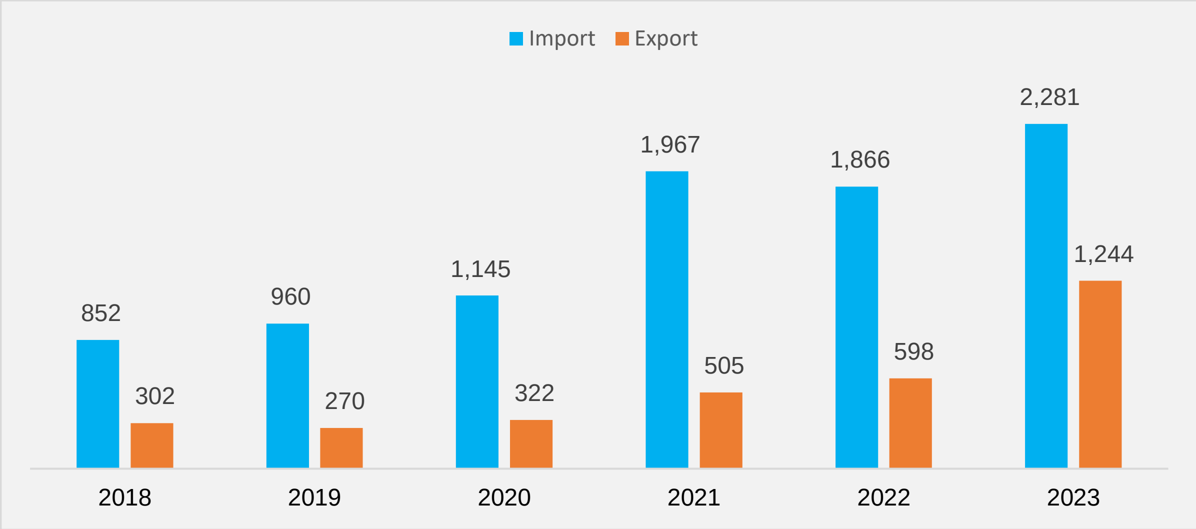
A review of data from the past few years shows a consistent increase in the value of agricultural imports. In 2022, the value of agricultural Imports was worth ₦1.86trn, accounting for 7.29% of the nation's total imports.

The ₦1.86trn recorded during the year also represents a 5.10% decrease from the previous year which saw imports of agricultural products capped at ₦1.96trn.

Drum Wheat topped the chart of agricultural imports in 2022, capped at ₦792bn, accounting for 42% of total agricultural imports. Available data indicates that Nigeria's annual wheat demand is an estimated 5-6 million MT but it produces about 110 thousand MT. The enormous demand-supply gap is bridged with over $2bn annual importation of wheat.

A strategic intervention in the agricultural sector, specifically in the production of wheat could have significant positive effects on Nigeria's economy by reducing the reliance on wheat imports, effectively conserving billions of vital foreign currency and concurrently reducing the depletion of foreign reserves in the course of this endeavour while meeting domestic demand.

Nigeria's Agricultural Trade (₦'bn)



Source: NBS (2023)

Exports of agricultural products in 2022 saw an 18.4% increase from ₦504.89bn in 2021 to ₦598.2bn in 2022. This accounted for 4.7% of Nigeria's total exports. Comparing the agricultural import and export data, Nigeria imported more agricultural products than it exported in the years under review, and this implies a trade deficit in the agricultural sector. Cocoa topped the chart of agricultural exports in 2022, capped at ₦232.65bn, accounting for 38.89% of total agricultural exports.

Despite having more arable land available when compared to Indonesia, Nigeria has experienced a constrained contribution of its agricultural sector to the GDP, with a figure of around $113bn, while Indonesia stands at approximately $130bn in 2022. This disparity emphasizes the critical need for intensified attention to the agricultural industry.

The suboptimal performance of Nigeria's agricultural sector can be ascribed to several factors including, but not limited to, challenges such as insecurity, elevated fuel prices, clashes between herders and local farmers, recurrent flooding, and inadequate budget allocation.

Adding to the challenge, the 2023 annual national budget allocated only 1.11% (₦228.4bn) of the total budget to the agriculture sector, falling significantly short of the recommended benchmark of 10% outlined in the Malabo Declaration on Accelerated Agricultural Growth and Transformation for Shared Prosperity and Improved Livelihoods. This inadequate budget allocation has been identified as a contributing factor to the worsening food crisis across the country. According to the government-led and UN-supported food and nutrition analysis known as Cadre Harmonisé, nearly 25 million Nigerians face the risk of hunger during the lean season between June and August 2023 if immediate action is not taken.

By addressing this concern, overtime, different governmental administrations, in collaboration with CBN, have formulated a range of policies and interventions aimed at supporting the sector. These endeavours includes:

- **Credit Guarantee Scheme:** The interventions of the CBN in the agricultural sector started in 1977 with the introduction of the ACGSF. The fund was designed to encourage banks to lend to farmers. Under the scheme, the CBN through the Fund, guarantees loans to farmers up to 75% of the amount in default net of any security realized. According to data from the CBN, the ACGSF since inception till March 2021, has facilitated 1.180 million loans valued ₦122.63bn to farmers across the country.
- **Commercial Agricultural Credit Scheme** was established in March 2009 by the CBN in partnership with the FMARD to fast track the development of commercial agriculture in the country. The applicable interest rate under the fund was retained at 9.0 per cent. Data for the CBN shows as at January 2021, banks under this scheme have disbursed ₦672.9bn loans to fund 636 commercial farming projects while total loan repayment stood at ₦443.9bn.
- **Agricultural Credit Support Scheme:** This is granted at 14.0 per cent interest rate, while beneficiaries who fully repay their loans on schedule are entitled for a refund of 6% of interest paid. 62 Central Bank of Nigeria Economic and Financial Review March 2020.
- **Anchor Borrowers' Programme**: Under the programme, the CBN set aside ₦40bn, out of the ₦220bn MSMEDF to be given to farmers at single digit interest rate of maximum 9% per annum.
- **NIRSAL**: The programme was launched in 2011 and incorporated in 2013 by the CBN as a dynamic, holistic $500mn public-private initiative. Its aim is to define, measure, price and share agribusiness related credit risk. Its approach involves fixing the agricultural value chain, so that banks can lend to the sector with confidence; and encouraging banks to lend to the agricultural value chain by offering strong incentives and technical assistance.

The Nigerian Government also actively encourages and welcomes further investments in the agricultural sector to foster continued growth and prosperity. The government has deliberately designed investment incentives to support private sector participation in the sector. Some of these incentives include.

- Income tax relief for a period of three years and which can be extended for a period of one year and thereafter another one year or for one period of two years – Pioneer Status Incentives;
- Increased tariff with an additional levy on any commodity that Nigeria produce (rice, starch, sugar, wheat, tomato etc.) to promote domestic production and local content;
- Zero import duty;
- Exemption from value-added-tax (VAT);
- Access to agricultural credit guarantee scheme up to 75%; and
- Avoidance of double taxation, etc.

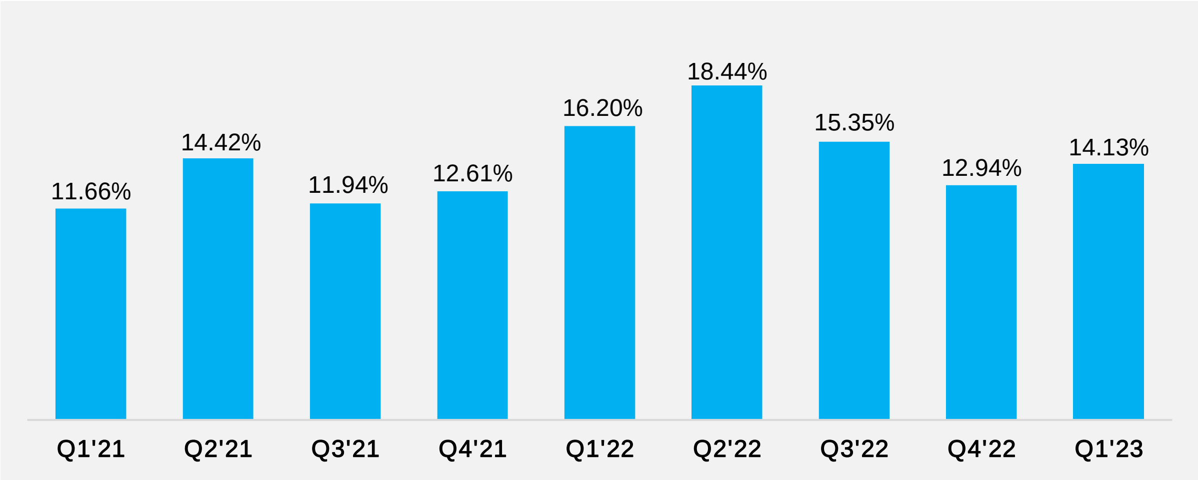
In addition to the above the Nigerian government launched the National Development Plan (2021-2025) in December 2021. The plan is specifically designed to address existing issues, particularly focusing on the needs of farmers. It sets targets and identifies priority areas, aiming to bridge infrastructure gaps, ensure macroeconomic stability, invest in social welfare, and build resilience to climate change. The plan builds upon previous initiatives like Vision 20:2020, the Economic Recovery and Growth Plan, and the Economic Sustainability Plan.

8.3.3 INFORMATION COMMUNICATION TECHNOLOGY

The ICT sector in Nigeria has undergone remarkable growth and advancement in recent years. The ICT sector contributed significantly to Nigeria's real GDP, accounting for 16.66% in the fourth quarter of 2023, a notable increase from the 16.22% recorded in the same period the previous year.

Among the various activities encompassed by the ICT sector, telecommunications emerged as the primary driver of growth contributing about 82.17% to the sector's output. The telecommunications sub-sector in Nigeria has, in the fourth quarter of 2023, delivered a significant contribution to the Nation's GDP, representing 14.38%.

Telecommunication Contribution as % of GDP



Source: NBS (2023)

Recognizing ICT's pivotal role as an enabler for other critical sectors such as education, healthcare, agriculture, and manufacturing, the Nigerian government is actively promoting partnerships between local ICT companies and foreign investors. This move is in line with the government's commitment to diversify the economy beyond oil and gas. To foster an entrepreneurial ecosystem within the technology sector, the government has extended support to government and privately led incubator hubs, youth innovation programs, and science and technology parks.

States within Nigeria are also taking initiatives to attract ICT investments and create conducive business environments. For instance, the Lagos state government announced plans for a free tech zone, aimed at nurturing innovative ideas and potentially becoming a significant technology hub in West Africa. Similarly, the Edo state government is driving a live-work-play project designed to foster an environment conducive to innovation, growth, and technological development.

Telecommunications

The telecommunications sub-sector emerged as a key driver of this growth, contributing 14.38% to the GDP in real terms and achieving a remarkable year-on-year growth rate of 8.90%. This expansion is largely attributed to the country's youth-dominated population of over 200 million, which is fostering demand for ICT services.

With a 51% internet penetration rate as of early 2022, Nigeria's substantial consumer base for ICT products offers considerable potential for growth, attracting both local and international investors.

This robust growth underscores the rising significance of ICT-related activities in Nigeria's economic progress.

The Nigerian telecom industry has continued its show of positive performance, which is credited to the innovative and predictable telecom regulatory environment promoted and implemented by the NCC. One of the key highlights of the telecom industry performance within the period was the generation of $820.80mn for the federal government from 5G spectrum licences fees paid by three eventual winning operators, MTN, MAFAB and Airtel.

Nigeria's telecom market has witnessed significant growth in recent years and is expected to attain stronger growth over the near term. The growth in the industry is mainly due to the increasing urban population with the rising adoption of mobile phones that support 3G, 4G and 5G services across the country. The growth statistics of the telecom industry shows an impressive record of contributions to the economy. The number of phone subscribers as of April 2023, stood at 223.6 million subscribers, scoring a tele-density of 117%. Internet subscribers for the same period were 157 million while broadband subscriptions stood at 92 million, translating to 48% broadband penetration in the country.

CBN's quest to promote a cashless policy economy has led to more individuals and organisations gradually embracing the use of USSD, mobile and internet banking and many others, expanding adoption for the telecom industry. The country has set a 70% penetration target by 2025. This means Nigeria has a gap of 22.64% in terms of broadband coverage.

Fibre Optics Cable

In a survey conducted on 88 countries in terms of fibre optic deployment capacity, Nigeria ranks 85th. This signifies that Nigeria ranks low in terms of fibre rollout in comparison with other African countries such as South Africa, Egypt and Ivory Coast ranked at 64th, 71st and 72nd respectively.

Considering this, the New National Broadband Plan had set a 2025 target which requires investments in 120,000 additional kilometres of Fibre Optic Cables from the current 60,000 kilometres of Fibre Optics Cable reported by NCC. The NCC also suggested that the country needs massive investments in about 40,000 additional Base Transceiver Stations to ensure the plan does not become a mirage.

To bridge the current fibre infrastructure rollout gap, the Federal Government is launched the National Dig Once Policy. The policy would facilitate seamless deployment of fibre optic as a backbone broadband infrastructure across the country to bridge the digital divide and boost the digital economy. The Policy is set to be a critical element to attaining 70% broadband penetration by 2025.

In 2020, Lagos State Government approved the dig once policy to prevent the illegal digging of state roads by different telecom operators and internet service providers. Later in 2021, the Lagos State Government announced the installation of 3,000 kilometre of Fibre Metro Network connection within the year in line with Smart City Project. The Smart City Project is set to enable governance, connectivity, and environmental security and has recorded several successes which includes the completion of over 2600 kilometres of the fibre infrastructure; the connection of over 1000 Telecom base station sites of MTN and Airtel to the fibre infrastructure; the signing of agreements with Liquid Telecom, MainOne, Dolphin Telecoms, Swift, Spectranet, etc.

The cost and process of accessing forex still remain a major challenge to the fibre sub-sector operators, and this could further create a setback for 5G deployment. In addition, operators are still experiencing security challenges, sometimes leading to the temporary shutdown of telecom services – caused by Infrastructure vandalism, thefts, and community issues. Hence, security will continue to be a challenge if not effectively tackled.

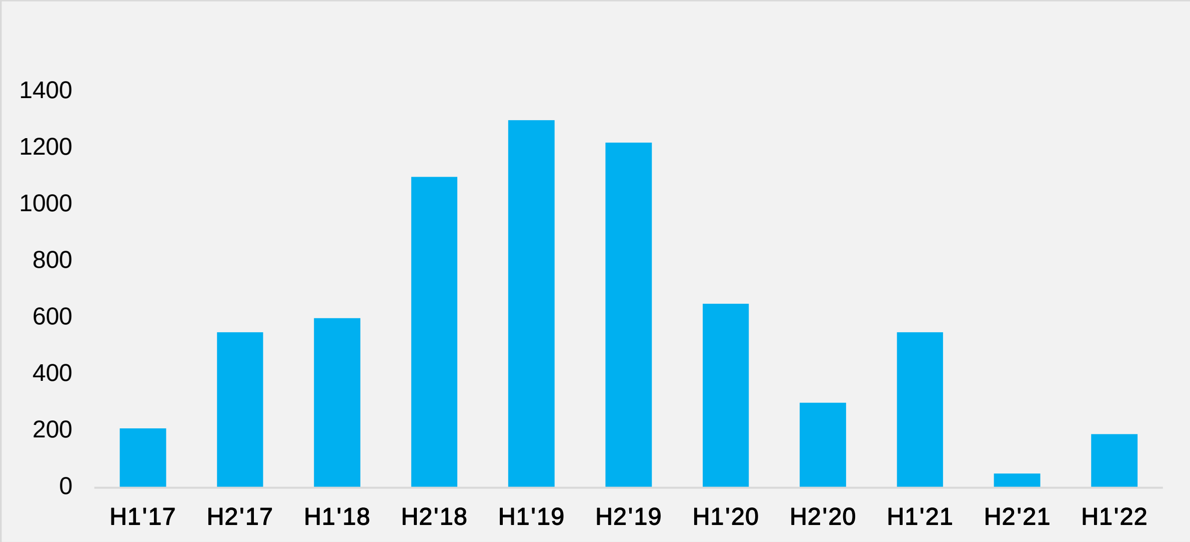
Coleman Wires and Cables, a Nigerian firm is set to bridge the fibre optic gap by serving the telecommunication, oil & gas and other sectors with additional cable coverage of c.100,000km to 150,000km coming from the installed capacity of its proposed fibre optics cable factory. This is expected to make Nigeria fifth in the production of fibre optic cables in Africa.

8.3.4 HEALTHCARE

The healthcare industry in Nigeria is facing numerous challenges, prominent among them being the deterioration of the country's medical infrastructure. This has resulted in a significant rise in outbound medical tourism, with estimates suggesting an annual expenditure of approximately $1.2bn prior to 2019. Nigerians spent about $7.43m (about ₦8.3bn) on foreign healthcare-related services between June 2022 and June 2023, findings by journalism giant *The PUNCH* have shown.

However, as countries restricted entry to foreign nationals due to the COVID-19 pandemic and extant volatility in foreign exchange, Nigerian medical tourism decreased with the consequent positive of a more in-country search for medical care. this paradigm shift has resulted in an incremental reduction in net spend in foreign hospitals and capitals. The $434.43mn spent in 2022 is $180.57mn less than the $615mn in 2021 and far removed from the pre-covid-19 high of $1.20bn. This shift in consumer behaviour has resulted in an increase in demand for medical services within Nigeria.

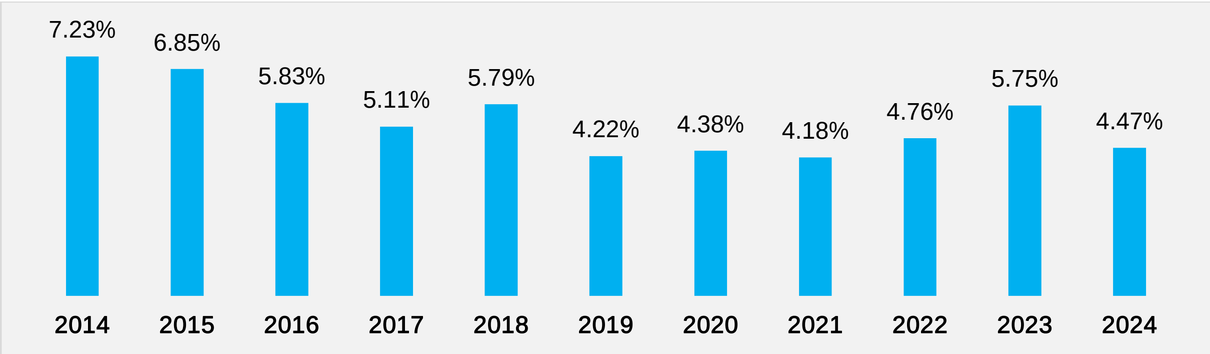
Nigeria's Expenses on Foreign Medical Services ($'m)



Source: CBN/Nairalytics (2022)

Limited budgetary allocations for health despite the burgeoning population of Nigerians has also affected overall performance of the sector. Healthcare share of budgetary allocation average 5.41% over the last 10 years peaking at 7.2% in 2014 which is consistently below the 15% target set by the African Union thereby necessitating the need for the private sector to bridge the gap.

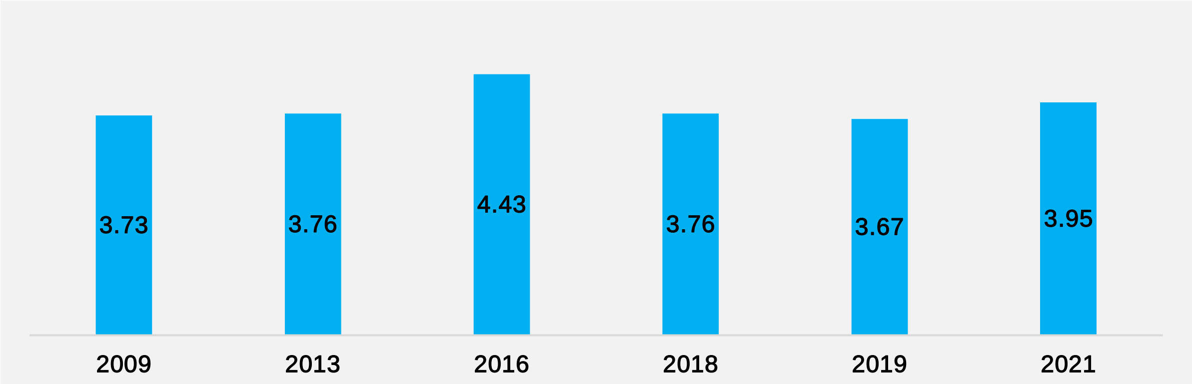
Healthcare Budget Allocation



Source: https://brieflands.com/articles/jhrt-102552.html

The WHO data posits that Nigeria has a doctor-to-patient ratio of 0.04%, which is lower than its recommended ratio of 0.17% patients. The acute shortage of healthcare personnel is largely a result of skilled healthcare workers migrating to other countries due to inadequate compensation and poor working conditions. These challenges - medical tourism, low budgetary allocations and brain drain - collectively pose a significant hurdle to the improvement and growth of the healthcare system in Nigeria.

Number of Doctors Per 10,000 Patients In Nigeria



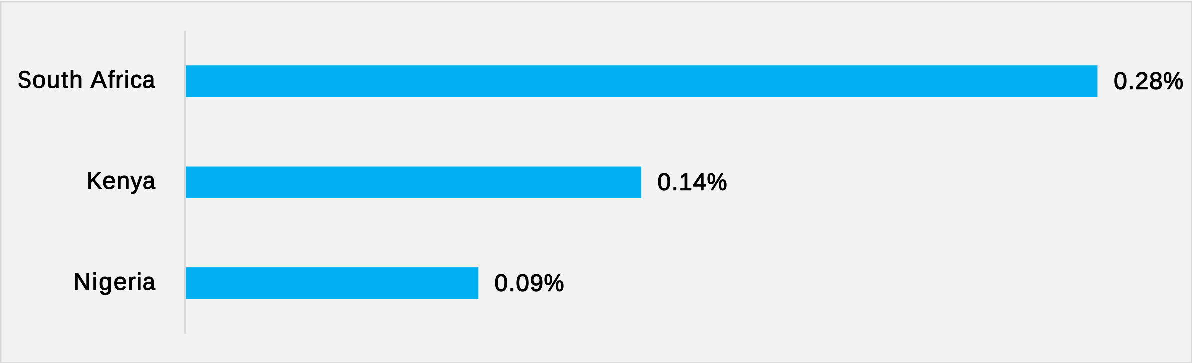
Source: World Health Organisation – The Global Health Observatory Database

Hospitals

Nigeria available stock of available medical facilities is significantly below the needs of its population and lags benchmark from other SSA countries.

The analysis below shows that the country faces a significant shortfall in medical facilities, with only 9 hospital beds available per 10,000 people, and a mere 0.07 Intensive Care Unit (ICU) beds per 100,000 people. In contrast, Kenya boasts 14 hospital beds per 10,000 people, and South Africa has 28 hospital beds per 10,000 people.

Percentage Ratio of Hospital Beds per 10,000 people



Source: International Centre for Investigative Report

Data from the health facilities register of the FMOH shows that there are only 40,017 functional hospitals and clinics across the 36 states of the federation, of which 10,655 are managed by private entities. It is estimated that Nigeria would need to invest $82 billion in healthcare real estate assets and 386,000 more beds to catch up to the world average of 2.7 beds per thousand people.

To address this gap, the NSIA in partnership with the FMOH, has signed a series of agreements to modernize and expand health care services through private sector participation. The agreements look to develop the capacity of specialist hospitals and diagnostic centres to provide advanced medical care services.

So far, a total of ten memorandums of cooperation have been signed between the NSIA, FMOH, and various health care facilities throughout the country's six geopolitical zones, with six of the agreements already in advanced stages. Many of these facilities centre are established within or around teaching hospitals.

In addition to its collaboration with the NSIA, FMOH has also set ambitious new targets to increase access to health facilities, with a specific aim to increase the number of primary health care PHC. As part of its goal to ensure access to health care for 100 million Nigerians, FMOH plans to build 10,000 PHCs throughout the country with at least one PHC per ward to facilitate healthcare access across a wide geographic area. However, five years after the launch of this project, much is still to be done due to the lack of sustainability plan, funding, and human resources.

Pharmaceutical Manufacturing

While Nigeria hosts approximately 60% of Africa's pharmaceutical production capacity, it is imperative to acknowledge that the growth of the country's pharmaceutical industry has been hindered for a prolonged period due to various challenges.

These challenges encompass the absence of effective research and development, stemming in part from inadequate research support provided by both the government and private entities. Additionally, the industry has grappled with an excessive reliance on imported pharmaceutical resources, including raw materials, and has faced difficulties in accessing foreign exchange to procure these vital materials.

It is worth noting that over 70% of medicines in Nigeria are imported, with medicines accounting for a substantial portion of Nigeria's overall healthcare expenditure, estimated at around $4bn within the total healthcare spend of $10bn. According to the United Nations COMTRADE database on international trade, Nigeria was said to have recorded the importation of pharmaceutical products worth $1.36bn in 2021.

Despite these challenges, the local pharmaceutical sector, comprising more than 130 companies, strives to meet the demand for essential medicines listed in healthcare guidelines. Notably, the Nigerian pharmaceutical market has proven to be a viable one, particularly in the domain of drugs focused on malaria treatment.

Approximately 25% of local pharmaceutical production consists of analgesics, antirheumatics, and antipyretics drugs, while antibiotics and anti-infectives, multivitamins, tonics, and antimalarials each account for approximately 15% of the market share.

The pharmaceutical landscape in the country is influenced by both government and private sector initiatives. The government has implemented several policies and programmes to regulate and promote the pharmaceutical subsector. For instance, the introduction of reforms to improve the business environment and attract investments in the pharmaceutical sector, such as reducing regulatory barriers, providing tax incentives, and facilitating access to finance. This includes:

- Harmonizing the standards and guidelines with the African Medicines Regulatory Harmonization initiative.
- Providing tax incentives by granting a five-year tax holiday for local manufacturers of essential drugs and vaccines.
- Exempting raw materials and packaging materials for pharmaceutical production from import duties and allowing 100% foreign ownership of pharmaceutical companies.
- Facilitating access to finance by creating a ₦100bn credit support scheme for the health sector.
- Launching a ₦1trn infrastructure fund for key sectors including health, and
- Partnering with development partners such as the World Bank, the African Development Bank, and the International Finance Corporation to provide loans and grants for pharmaceutical projects.

The private sector also plays a significant role in the industry, with partnerships and investments from well-established pharmaceutical companies such as May & Baker Nigeria Plc's partnership with leading global players such as Sanofi, GSK, and Pfizer, to produce a wide range of products, including antibiotics, antimalarials, vaccines, and consumer health products.

Pharmaceuticals Retailing

There are estimated 5,000 registered retailers and wholesalers located in 140 of the 774 local governments in the country.

Revenue in the over-the-counter pharmaceuticals market is projected to be $2.12bn in 2023. In relation to total population, per-person revenues of $9.52 in 2023.

Most registered outlets are concentrated in major cities and a select number of Tier 2 cities. This distribution is influenced by the higher levels of disposable income prevalent in these areas. Other sources of pharmaceutical products include open markets, kiosks, tabletops, and hawkers which can be seen in all towns across the country. These traditional outlets handle only over-the-counter proprietary medicines and are estimated to be over 100,000.

Telemedicine

Telemedicine is well on its way to becoming an effective remedy for Nigerians' medical needs. Although, still relatively new, telemedicine helps Nigerians receive speedy on-demand health-related services via digital platforms. It's noteworthy that telemedicine is not just a theoretical concept; it is actively being adopted across various medical institutions in the country, with several ongoing projects demonstrating its potential.

In Nigeria, where the doctor-to-patient ratio is 0.04%, telemedicine bridges the gap by offering quick, on-demand health services through digital channels. Rural areas, often underserved by traditional healthcare facilities, benefit significantly from this alternative approach. Telemedicine facilitates the seamless transmission of crucial patient data, including demographics and clinical information, as well as medical images such as X-rays and ultrasounds. This enables accurate diagnoses and treatments, regardless of the patient's location.

Additionally, the adoption of telemedicine is not limited to a single institution or region. Ongoing projects and initiatives are showcasing the transformative power of telemedicine. These projects aim to enhance healthcare accessibility, reduce waiting times, and extend medical expertise to underserved areas. Clinical Hub Telemedicine, Health Connect 24x7, and iWello are some telemedicine companies with operational activities in Nigeria.

Nigeria's digital health market is poised for substantial growth projected to reach a revenue of $839.50mn in 2023, with an annual growth rate of 14.96% suggesting that by 2027, the market could expand to approximately $1.45bn.

Diagnostic Centres

With the outbreak of the COVID-19 pandemic, the Nigerian diagnostic services market experienced a surge in demand, highlighting its critical role in healthcare. This growth is driven by various factors, including the rising incidence of chronic diseases, the imperative for accurate disease diagnosis, and the government's commitment to fostering public-private partnerships in the healthcare sector.

There are about 5,000 diagnostic centres in Nigeria as of 2020, but only about 10% of them are accredited by the relevant regulatory bodies.

Diagnostic centres in Nigeria offer a wide range of services, including but not limited to radiology, clinical pathology, and specialized diagnostic testing. For example. Radiological services, including X-rays, CT scans, and MRI scans, are crucial for diagnosing a variety of medical conditions.

However, despite the growing number of diagnostic centres, there remains a significant demand and supply gap for radiological services in Nigeria. The demand for radiological services is steadily increasing due to the rising prevalence of diseases that require advanced imaging for accurate diagnosis. Unfortunately, the supply of these services has not kept pace with the demand, particularly in rural and underserved areas.

Diagnostic industry in Nigeria is worth about $1.50bn and is expected to grow at a CAGR of 15% in the next five years.

Notably, several organizations like the NSIA, have recognized the potential of the diagnostic services sector and have made substantial investments to bolster its infrastructure and capabilities. These investments have played a pivotal role in expanding the reach and quality of diagnostic services across the country. To bridge this gap, there is a pressing need for increased investment in radiological infrastructure, workforce development, and technology adoption. Public-private partnerships, like those championed by NSIA, play a pivotal role in expanding access to radiological services and addressing this demand-supply imbalance.

Equipment and Medical Supplies

The value of medical equipment imported into Nigeria was estimated at $500mn in 2018, which indicates a high demand for foreign-made products. However, the importation of medical equipment is subject to various government policies and regulations, such as tariffs, taxes, quality standards, and certification. These measures are essential to ensure the safety, efficacy, and quality of medical devices used in the country's healthcare system.

Yet, one of the key challenges faced in the importation of medical equipment is the impact of foreign exchange pressures. Fluctuations in the exchange rate can significantly affect the cost of imported medical equipment. When the Nigerian Naira weakens against foreign currencies, it can result in increased costs for healthcare providers and, subsequently, patients who depend on these essential medical devices. This foreign exchange volatility can create challenges in maintaining a stable supply of medical equipment, impacting healthcare delivery and patient outcomes.

To address these foreign exchange pressures and promote a stable environment for the importation of medical equipment, the Nigerian government has initiated several measures. One notable initiative is the establishment of a Foreign Exchange Management Committee dedicated to the healthcare sector. This committee collaborates with stakeholders, including medical equipment importers and manufacturers, to develop strategies for managing foreign exchange fluctuations.

The Nigerian government has also been promoting the local production of medical equipment and supplies, especially in response to the COVID-19 pandemic. For instance, in 2020, the government launched the HSRDIS, which provides grants for researchers and innovators to develop or improve medical devices and diagnostics.

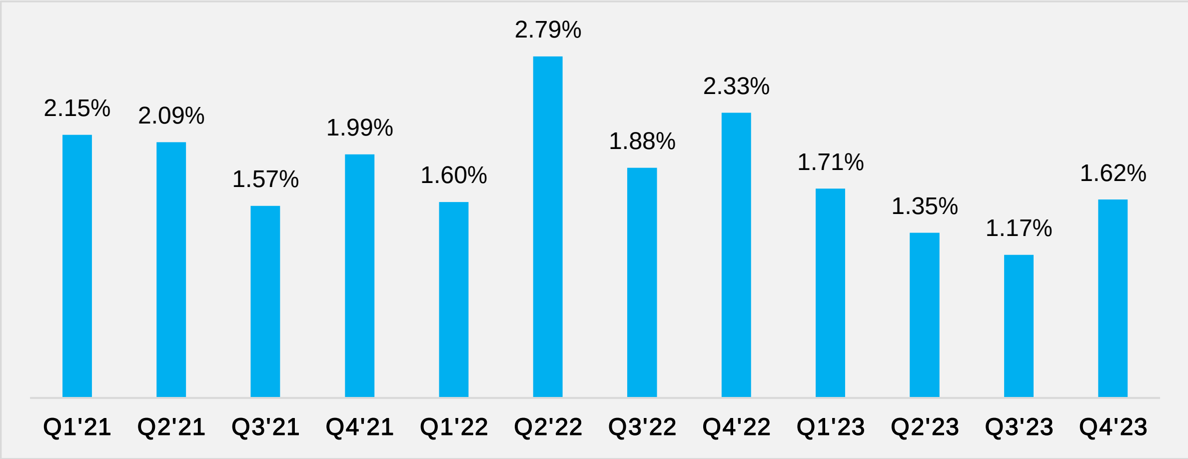
In addition, the government has introduced policies aimed at incentivizing the local production of medical equipment. By supporting domestic manufacturing, these policies aim to reduce the dependency on imports and, in turn, mitigate the impact of foreign exchange fluctuations. Such initiatives encourage local businesses to invest in the production of medical equipment, fostering a self-sustaining healthcare ecosystem.

8.3.5 TRANSPORTATION

The transportation industry is a critical driver of economic growth, through the facilitation of the efficient movement of goods and people with attendant positive impact on other sectors such as trade, commerce, tourism and manufacturing.

In the first quarter of 2023, transport activities contributed 1.71% to Nigeria's Nominal GDP, showing a decrease from the 2.33% recorded in the fourth quarter of 2022 but an increase from the 1.60% recorded in the first quarter of 2022.

Transportation Sector Contribution to GDP



Source: NBS (2023)

Road Transportation

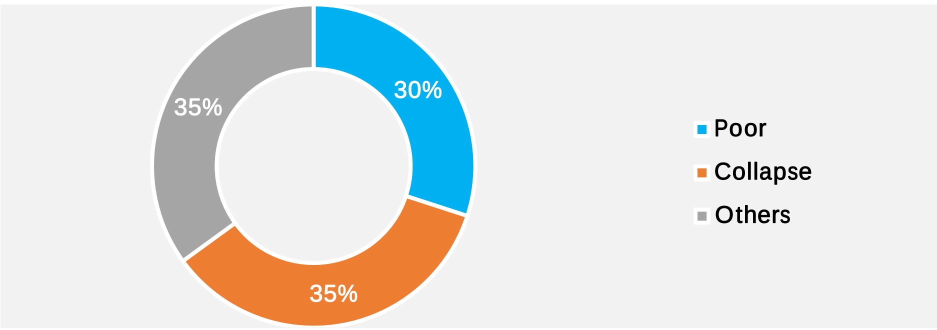
Nigeria heavily relies on road transport to facilitate economic activities both within short distances and for longer journeys, mainly due to the underdevelopment of other transportation sub-sectors. Nigeria's road network spans approximately 200,000km of which around 135,000km (69%) are untarred or unpaved. In comparison, the average for emerging markets is 30%, while that of developing countries is 42%.

The responsibility for the country's roads is shared among the three tiers of government. The Federal Government owns an estimated 33,000km of roads, while State Governments possess 50,000km, leaving the remaining 117,000km under the jurisdiction of Local Governments.

As per the NPC, a significant 78% of State roads and 87% of Local Government roads are in a state of disrepair. Consequently, there is a heavy dependence on federal roads, with approximately 90% of internal and cross-border freight being transported via road networks.

Most of the major road networks were constructed in the late 70s to 80s and early 90s. As a result of poor maintenance and low-quality materials used for repairs, the condition of roads continues to deteriorate.

State of Nigerian Roads



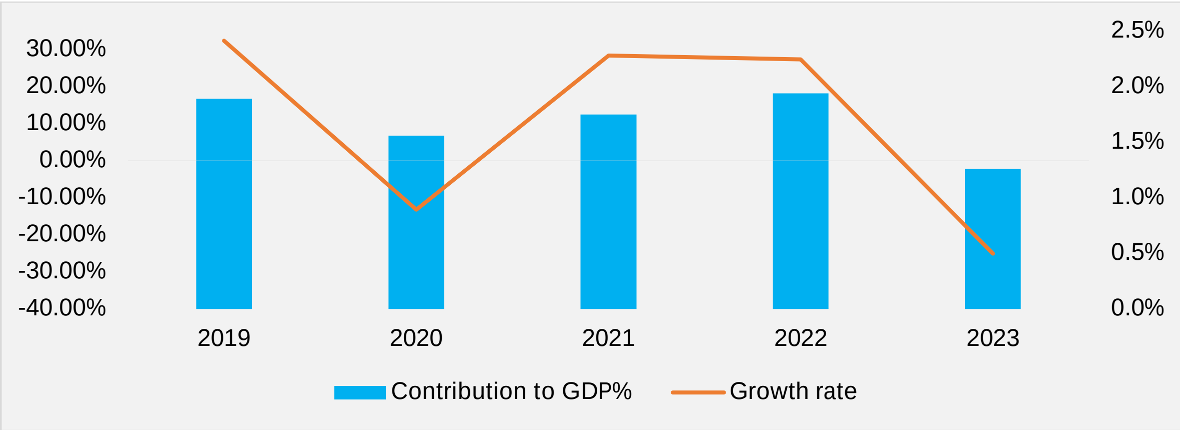
Source: Renaissance Capital Infrastructure Report 2008

However, the importance of road development for investment, trade, economic growth, and poverty alleviation has long been acknowledged. Road transport infrastructure not only enables direct service provision to consumers but also acts as a crucial element in the production of other sectors, leading to increased productivity. By reducing transportation costs and time, road development enhances the value of goods and services, driving economic growth.

Road transport remains the main contributor to GDP within the transportation sub-sector with a continuing growth trajectory except for 2020 due to COVID-19 restrictions on travel and movement.

However, insecurity is pushing road users to air transport for both passenger and cargo impacting slight improvement in contribution of air transport to GDP in Q3 2022 to 0.14% (0.07% - Q2 2022) compared to road transport 1.66% (2.65% - Q2 2022).

Road Transport Contribution to GDP



Source: NBS

Following the under-investments in road infrastructure for several years, the FGN has initiated a number of reforms to unlock private sector's dedicated funding for road projects. The government has also undertaken several alternative funding initiatives to close this infrastructure gap which includes;

- Presidential Infrastructure Development Fund
- Sovereign Sukuk issuance
- Road Infrastructure Tax Credit Scheme
- Multilateral loans/grants etc.

FGN has committed ₦1.58trn in budget for road projects between 2016-2021 and utilized about ₦619.40bn. The following are examples of ongoing and completed structural projects from several alternative funding initiatives.

- Presidential Infrastructure Development Fund
  - Lagos – Ibadan Expressway (LIE) I -Lagos
  - LIE II – Oyo
  - 2nd Niger Bridge
  - Abuja –Kano Dual Carriage Way
- Road Infrastructure Tax Credit Scheme
  - Lokoja-Obajana-Kabba-Ilorin Road II
  - Apapa- Oworonshoki – Ojota Road Lagos

- Bodo –Bonny Road (Opobo bridge) Rivers

- Multilateral loans/grants
  - Mokwa-Bida Road
  - Akure – Ilesha Road
  - Abuja-Keffi/Keffi-Makurdi
  - Akwanga – Gombe Road
  - Mfum/Ekok Bridge
- Collaboration with other government agencies (North-East Development Commission)
  - Construction of 3 bridges along Mararaba-Mubi-Michika-Madagali Road (Adamawa)

Rail Transportation

Nigeria's rail network consists of 3,505km of narrow-gauge lines and 617km of standard gauge lines. Trains on the narrow-gauge average about 35km/h, while those on the standard gauge average 90–100km/h. The narrow-gauge line traverses as many as 28 out of the 36 states of the country, while the standard gauge line runs through 10 states and the Federal Capital Territory (FCT).

Railway Sector Performance

	2019	2020	2021	2022	2023
Number of Passengers	2,890,111	1,020,368	2,714,458	3,212,948	2,182,388
Qty of Goods transported (Tons)	200,113	87,440	168,301	125,827	317,244
Passenger Revenue (₦'mn)	2,413	1,745	5,698	4,546	4,427
Cargo Revenue (₦'mn)	347	281	318	441	1,079

Source : NBS (2023)

Despite foregoing performance, there has been positive development in the sector over recent years such as prospects for rail modernization by linking all the 36 state capitals and the FCT by standard gauge line totalling 3,421 km.

Nigeria's railway infrastructure project pipeline broadly consists of four large-scale projects:

- Lagos-Kano standard-gauge railway plus extension towards Niger
- Lagos-Calabar Coastal Railway (standard-gauge)

- Ajaokuta-Abuja standard-gauge railway completing the connection between Warri and Kaduna via Abuja
- Rehabilitation of the Port Harcourt-Maiduguri narrow-gauge railway

These projects serve to connect Nigeria's large southern cities, including Lagos, Ibadan, Benin City and Port Harcourt, with both each other and the large urban centres in the country's northern region, including Kaduna, Kano, and Maiduguri.

The Lagos - Kano standard-gauge railway comprises the following segments:

- Lagos-Ibadan: Completed in 2021, after four years of construction and nine years after the contracts had been awarded by China Civil Engineering Construction Corporation (CCECC) at a cost of USD1.7bn and with a length of 156km
- Ibadan-Ilorin: Contract awarded to China Civil Engineering Construction Corporation (CCECC), with a length of 200km
- Ilorin-Minna: Contract awarded to China Civil Engineering Construction Corporation (CCECC), with a length of 270km
- Minna-Abuja: Contract awarded to China Civil Engineering Construction Corporation (CCECC), with a length of 300km
- Abuja-Kaduna: Completed in 2016, after five years of construction, by China Civil Engineering Construction Corporation (CCECC) at a cost of USD876mn and with a length of 187km

In 2020, the Lagos-Abeokuta-Ibadan rail service commenced, marking a significant step forward.

In addition, on January 24, 2023, President Buhari officially inaugurated the Lagos Blue Line which is a 27-kilometre rail route designed to run from Okokomaiko eastwards to Mile 2 and then proceed to Marina via Ijora. The first phase (completed 13km long rail tracks) will transport 250,000 passengers daily and, when completed, the entire 27km will transport about 500,000 passengers daily and plans are underway to begin development of the Red Line.

Maritime Transportation

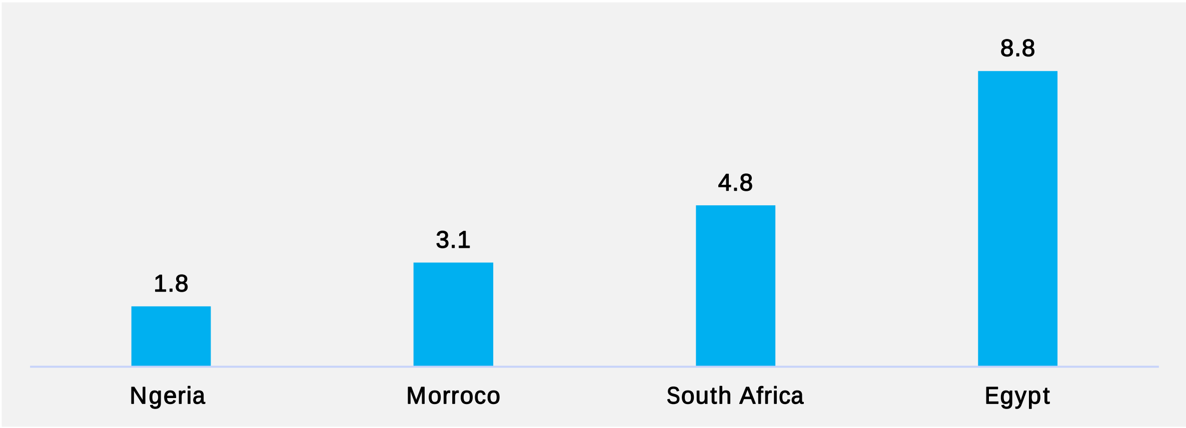
Nigeria is situated on the occidental part of Africa, with a coastline that runs through the southern states, Lagos, Cross Rivers, Delta, Ondo, Bayelsa, Akwa-Ibom, and Rivers bordering the Atlantic Ocean.

The immense potential of Nigeria's maritime sector is underscored by the expectation that it could yield an annual revenue of ₦7trn and generate an additional 4 million jobs over the upcoming five years if effectively leveraged. However, the maritime sector contributed a mere 0.01% – a modest ₦2.40bn to the nation's GDP in the second quarter of 2022.

There is high demand of shipping due to the high trade level in the country however, issues of multiple shipping charges, multiple taxation and poor state of the roads to ports are some of the challenges affecting the industry. The efficiency of port operation is a major driver of trade and economic activities across countries hence, addressing these challenges and investing in the maritime sector would unlock its vast potential and contribute significantly to Nigeria's economic growth and job creation.

A comparison of port activities with other major Africa economies suggests that Nigeria is lagging due to the foregoing issues.

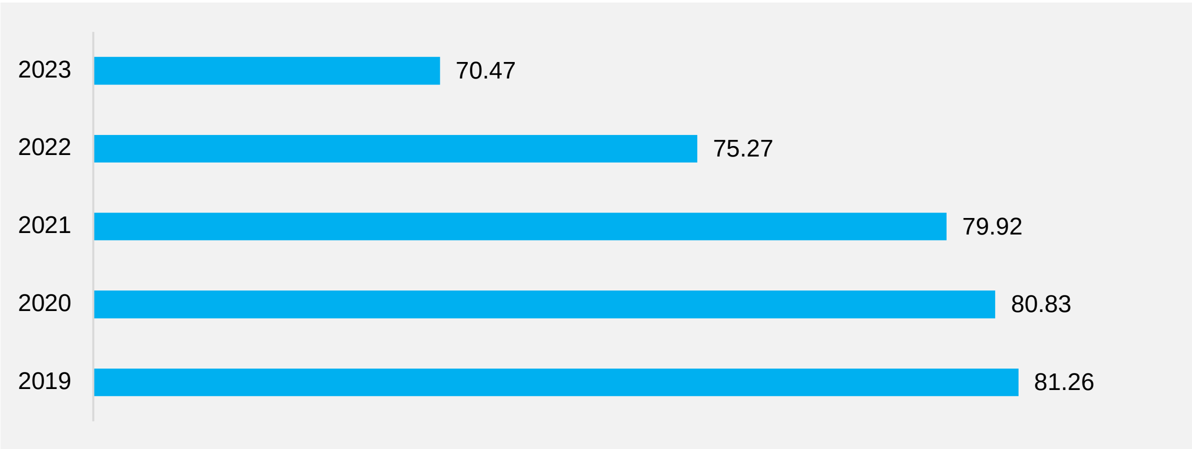
Port Activities (Mn TEU)



Source: UNCTAD Report 2014

Port infrastructure is complementary to road transport as efficiency gains realised at the ports will be translated to increase demand for trailers and trucks.

Cargo Throughput (Tonnes)



Source: NPA (2023)

The NPA has achieved some operational progress in recent years which includes:

- Improved revenue collections as there have been improved collections achieved through tightening of collection mechanisms and plugging of revenue leakages. NPA generated ₦286bn and remitted ₦103bn as at October 2022 to the Consolidated Revenue Fund.
- The implementation of the E-Call Up System; there has been significant reduction of gridlock on port access roads caused by trucks. In addition, the number of accidents around the Lagos Port has reduced by 65% due to the improved standard of truck as 3,000 trucks have been inspected, certified and issued stickers to ensure safety and compliance with ISO certification requirements

and Minimum Safety Standards. The licensing of additional truck parks has also contributed to addressing road parking and traffic congestion.

NPA is working towards a fully automated port system, where the vehicular and human interface will be reduced by 2024.

The following projects are expected to add to Nigeria's port capacity and transform the sector going forward:

- Lekki Deep Sea Port - The $1.50bn Lekki deep seaport is the largest seaport of Nigeria and one of the biggest in West Africa.

  Lekki port is to be expanded to have a capacity of handling around 6 million TEUs of containers and a significant volume of liquid and dry bulk containerized cargoes. The port is to be equipped to handle ships able to transport over 14,500 containers.

- Badagry Deep-Sea Port - The Buhari Administration approved the development of the Badagry Deep Sea Port which, upon completion, would have about 2.5km quay length container terminal, 0.5km quay length break bulk terminal, 360m quay length OSB terminal and minimum of 18m draught. It is also expected to generate 250,000 direct jobs. The Deep-Sea Port is part of an FTZ area seated on approximately 1,104 hectares of land, the FTZ comprises of the Port Zone, Logistics Zone, Industrial Zone, and a Power Hub. The port upon completion will generate over $53bn within the concession period. The project is expected to cost about US$2.5bn.

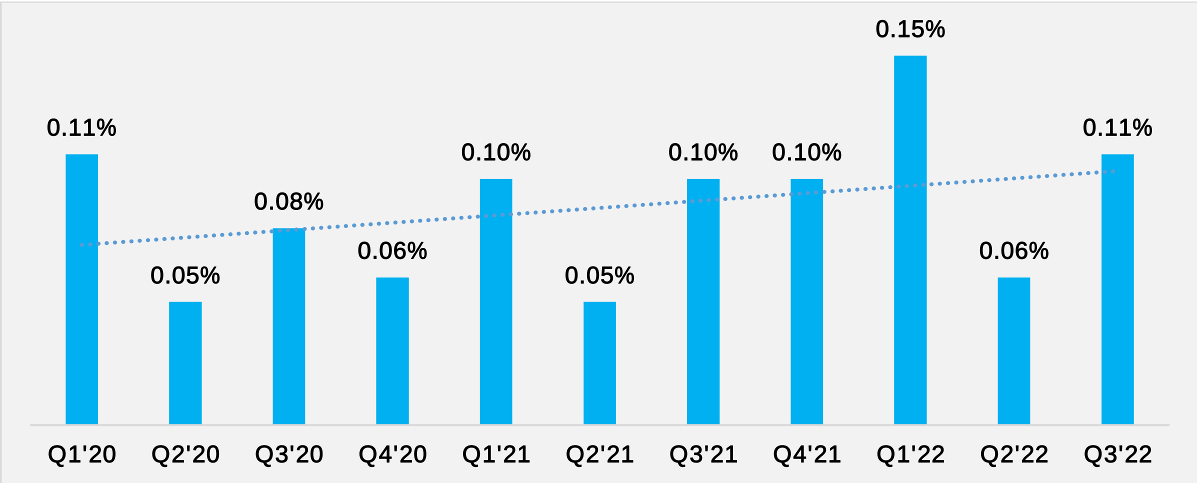
Aviation

Nigeria being the most populated country on the continent, is an important destination for over 22 foreign carriers and currently has Bilateral Air Services Agreements with over 78 countries. While its local travels are served by 23 active domestic airlines.

Despite the inadequate investment and challenges, which includes doubling of air fares, air transport has increased its share of moving people and cargo across the country. Contribution of aviation to GDP increased to 0.11% in Q3 2022 from 0.06% in Q2 2022 while contribution of road transport to GDP dropped to 1.12% from 1.7% in the same period. The shift is attributed to the insecurity problem on the road as travellers prefer to fly for safety reasons.

IATA estimated a total of 241,000 air transport-supported jobs with economic activities contributing $1.60bn to GDP. The government's aim is to grow the sector from the current 0.06% to 5%.

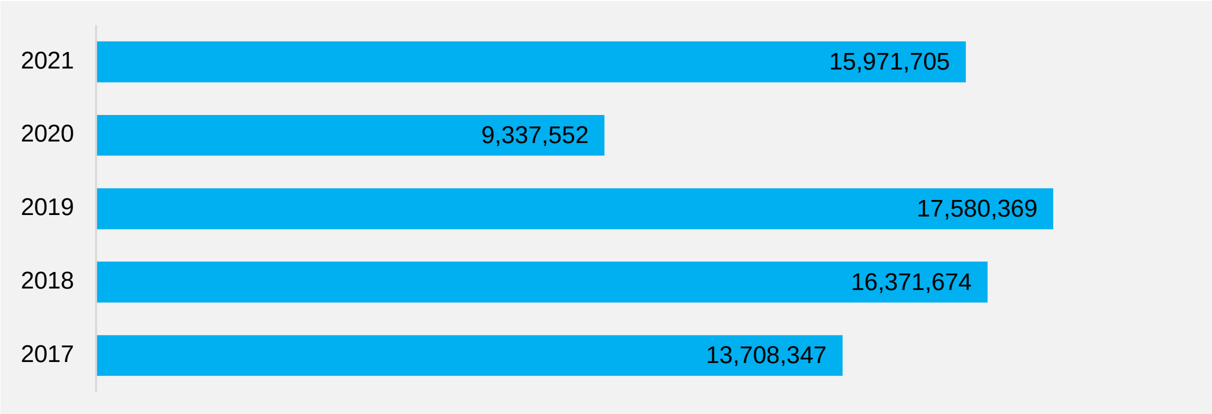
Aviation Contribution to GDP



Source: NBS(2022)

Passenger traffic has also increased in 2021 following preference to fly for domestic travels due to safety concerns from insecurity on movement by road.

Harmonized Passenger Traffic



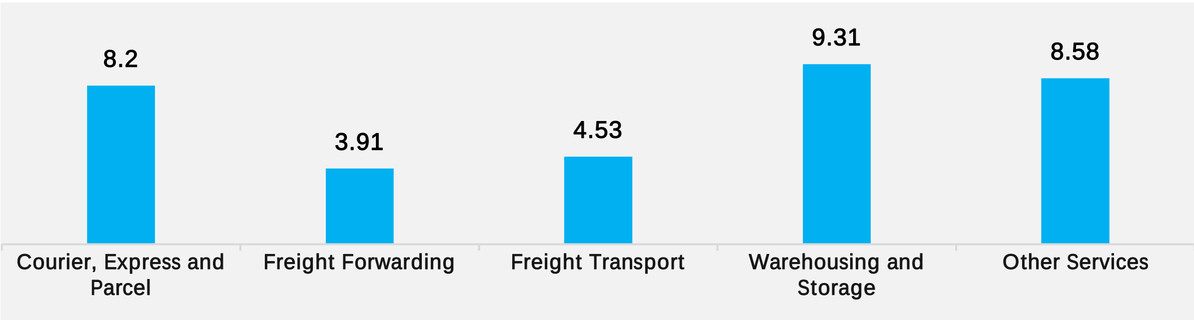
Source: FAAN

Logistics

The logistics and freight sectors is one of the fastest growing industries in Nigeria. with a market size estimated at $41.09bn in 2023 that is expected to reach $58.64bn by 2029, growing at a CAGR of 6.11%.

In 2020, Nigeria was ranked 131 out of 190 countries in its Ease of Doing Business, and 110 in the Logistics Performance Index. The current growth in Nigeria's logistics is due to recent infrastructure development in roads, railways and airways, improvement in ties with other countries, and the rise of e-commerce and logistics applications.

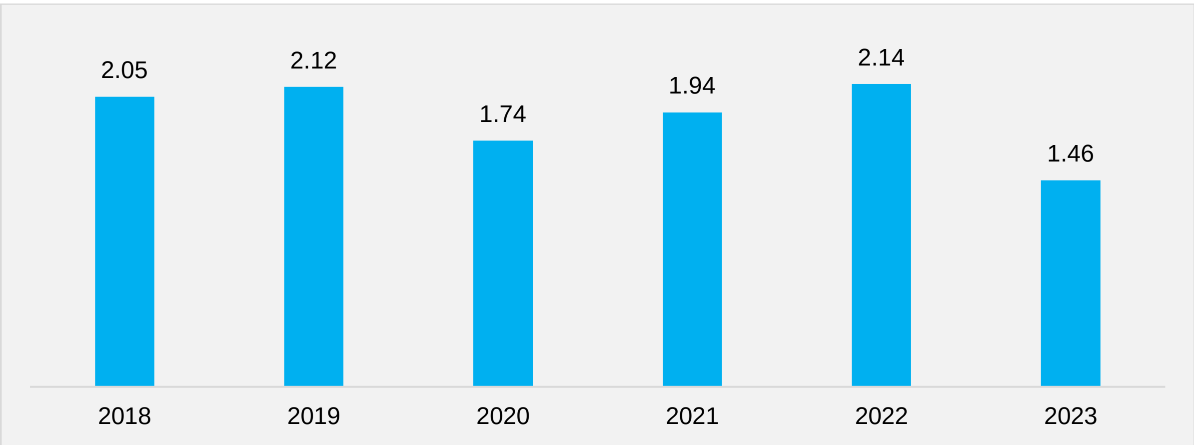
Nigeria Freight and Logistics Market, CAGR, %, By Logistics Function, 2023-2029



Source: Mordor Intelligence

Though the transport and storage sector contribution to GDP experienced a significant decline in 2020 due to COVID-19-related trade and travel limitations it has since rebounded reaching a 6-year high of 16.44% in 2022. The strong rebound was driven by technology adoption, improved infrastructure, and progressive policies.

Transport & Storage Sector as % of GDP



Source: Mordor Intelligence/NBS

This sector faces challenges such as poor infrastructure, government policies that undermine ease of doing business, unstable electricity, entrenched corruption, and multiple taxation. Usually, local stakeholders are unable to meet financial obligations, and attempt to transfer costs to end-users, which makes their services uncompetitive.

Another problem is the inefficiency of seaports and customs services at all ports of entry. Customs clearance is slow, manual, and fraught with discretion of the agents. This protracted process significantly increases the time goods remain at ports or at sea to undergo inspection, increasing operating costs.

It is estimated that the Nigerian economy loses an estimated annual revenue of ₦3.46trn due to poor infrastructure, and corruption at the ports. Of this number, ₦2.50trn are corporate earnings losses across the various sectors of the economy. Consequently, profit margins of corporate entities using some of the country's key infrastructure, namely the Apapa port, have gradually dwindled as logistics costs increased.

The Nigerian logistics sector has a strong potential for growth if properly harnessed and can serve as the path to building a strong economy that can support government revenue and improve Nigeria's foreign exchange earnings. Already, the sector has provided jobs to many Nigerians, at the retail level, which can be noted through increasing number of company entries.

In Nigeria, there are several local and foreign private sector companies operating in the logistics industry, including Red Star Express (partner to FedEx), United Parcel Service (UPS), and DHL. The government of Nigeria regulator, the Nigerian Postal Service (NPS), regulates the activities of stakeholders while simultaneously operating the Nigerian Post Office (NIPOST), a courier delivery service which competes with the private sector courier operators.

Nigeria's bilateral and multilateral agreements with various countries, along with its involvement in initiatives, such as ECOWAS and the African Growth and Opportunity Act, are expected to improve trade and grow the sector. With the AfCFTA, Nigeria now has free access to the entire African market, thereby improving the trade between the neighbouring countries and impacting the logistics sector in the future.

The logistics and freight sector in Nigeria offers promising opportunities driven by technology adoption, infrastructure development, special economic zones, and the burgeoning online shopping landscape.

Underutilized technologies like GPS tracking and control towers present a chance for private funding to bridge gaps in the market. Upcoming technologies such as real-time fuel management and communication systems offer potential for process optimization.

In addition, Key infrastructure projects like the Lekki Deep Sea Port and planned Lekki Lagos Airport signify Nigeria's commitment to improving transportation. These initiatives not only enhance logistics but also ease congestion and boost trade.

Online shopping's rapid growth generates substantial revenue, with the sector projected to reach $8.52bn by 2024. To harness these opportunities, Nigeria should enhance exports, address infrastructure gaps, nurture international relations, and foster a business-friendly environment, including addressing challenges in port terminals.

8.3.6 URBAN AND SOCIAL INFRASTRUCTURE

Real Estate and Housing

Nigeria's real estate market has been experiencing significant growth in recent years, as reported by the Nigerian Property Center, demand for real estate in 2019 rose by double digits, and in 2020 Nigeria moved up 15 places from 83rd to 68th on the Global Real Estate Transparency Index. This growth is driven by a growing middle class fuelled by factors such as population growth, urbanisation, and rising demand for housing. This is especially true in major cities like Lagos and Abuja, where population growth is outpacing the supply of housing and commercial real estate. In terms of contribution to GDP, the real estate sector accounted for approximately $3.9bn in the last quarter of 2022, with further growth projected. These figures underscore the immense potential and profitability of real estate investments in Nigeria.

However, there are still several challenges facing the sector, including poor infrastructure and a lack of affordable housing. According to the Bank of Industry, the Nigerian housing deficit as of 2023 is estimated at 28 million units which requires ₦21trn to fix. PwC studies also state that about 75% of the 42 million housing units we have in Nigeria are substandard. Also, Nigeria leads Africa in building collapses, with Lagos state alone reporting 322 incidents over the past 48 years. These challenges highlight the pressing need for private credit, enhanced regulation, enforcement, and quality control in the real estate sector.

Mortgage penetration in Nigeria was 0.5% in 2021, which is similar to that of other major African economies, but below the average in developed economies. However, the homeownership rate of 25% is significantly lower compared to regional neighbours. To facilitate access to residential loans, the federal government plans to increase mortgage funds to ₦712bn ($1.7bn) by 2024 as part of a five-year strategic plan on housing development covering the period 2020-2024. According to the Central Bank of Nigeria, there were 34 primary mortgage institutions, 24 commercial banks and 887 licensed microfinance companies operating in Nigeria at the close of 2022. At the time, average mortgage interest rates from private lenders ranged between 15% and 25%. With interest rates influenced by inflation, homebuyers can potentially pay up to three times their mortgage principal over an average term of 20 years. In comparison, average mortgage interest rates in Nigeria are up to nine times higher than those in the US and the UK.
Considering these existing gaps, the federal government developed the Economic Recovery and Growth Plan (2017-2020) to stimulate the real estate sector by improving access to social housing, other strategies of the plan include:

- The construction of 2,700 housing units in the short term to create 105,000 direct jobs a year and gradually increase to 10,000 housing units per annum by 2020;
- The construction of 20,000 pilot social housing units; and
- Repositioning of the FMBN by recapitalising it from ₦2.5bn to ₦500bn to meet the housing needs across Nigeria.

Other interventions to rescue the sector include:

- The Family Homes Funds, a social housing entity jointly owned by the FMF and the NSIA, was formed in 2018. In line with the government's Social Intervention Programme, the Family Home Funds aims to invest ₦1.3trn ($3.1bn) to develop 500,000 homes for low-income families and individuals by 2024 (as of October 2022, 15,793 homes had been built, with over 21,000 units under development), while creating 1.5million jobs through various initiatives.
- The Establishment of the Nigeria Mortgage Refinance Company;
- Approval of 25% of the balance of actively employed citizens RSA to pay for equity contribution for a mortgage;
- Establishment of the Social Housing Fund: Both the World Bank and AFDB are contributors to the Fund from which developers will borrow 80% of the cost of the project and counter-fund with their own 20%;
- Seamless integration of the customers of Mortgage Banks into the BVN platform; and
- Establishment of Mortgage Brokerage firms.

The CBN too has intervention schemes. However, implementation of all these, including the National

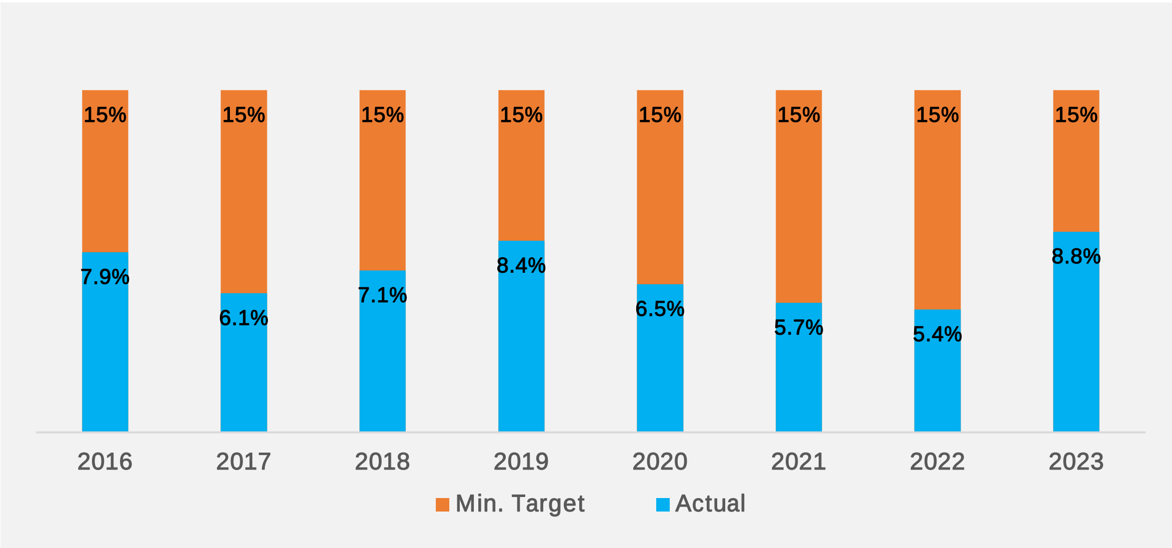
Housing Policy, has been subverted by the usual constraints of maladministration, nepotism, sectionalism, and policy somersaults. Intervention funds provided for single-digit lending reach only very few, most of the funds are diverted, and regulations are not effective. With interest rate volatility ravaging the economy, consequently, lenders offer between 22% and over 35% interest for the mortgage sector. This is counterproductive. Homeownership is also constrained by high fees and transaction charges.

The list below outlines few ongoing and completed housing developments in Nigeria;
- The Zuba area Abuja comprises 748 one-, two- and three-bedroom units. The project is said to be 90% ready.
- The Bwari area, Abuja comprises 337 units, due for completion in 2024.
- Under the National Social Housing Programme, the government commissioned 372 residences in the first quarter of 2022 across five of the country's 36 states. Kaduna State received the most, at 80 housing units; followed by Naswara and Kogi states (76 each); Osun State (72); and Delta State (68).
- In January 2023, 469 two- and three-bedroom bungalows were delivered in Kano State.

Education

According to NBS, the educational sector contributed 1.33% to total real GDP in Q2 2023 which was lower than the 1.34% reported for the corresponding quarter in 2022 and lower than the 1.89% recorded in Q1 2023. Nigeria's average annual budgetary allocation to education in the last four years was ₦472bn, out of an average annual budget of ₦5.05trn, which represents 9.36% of the budget. This falls short of the 15%-20% recommended by the global education agency, UNESCO. Education being a key driver to the growth and socio-economic development of the nation, it is pertinent that private funding is required to mitigate this shortfall and to fully harness the potential of education to economic growth.

Nigeria's Education Budget Allocation vs UNESCO Benchmark



Source: https://www.premiumtimesng.com

The Director General of the Bureau of Public Enterprises stated that in contrast to the high standards attained in the 1970s and 1980s, the Nigerian education system has witnessed a gradual decline over the years due to a number of challenges such as funding, poor educational facilities and infrastructural deficit. Massive infrastructural decay and inadequate facilities have not only impeded access but also affected the delivery of quality education. Many schools in Nigeria lack adequate classroom facilities, including classrooms, desks, chairs, and teaching aids. Repeated attacks on schools and universities, as well as on teachers and students have undermined the entire education system. It is estimated that more than 1,400 schools were destroyed, damaged or looted primarily in the northeast and more than 600,000 children have lost access to education. In light of this, over 11 million children who are expected to be in school are not or are receiving poor schooling.

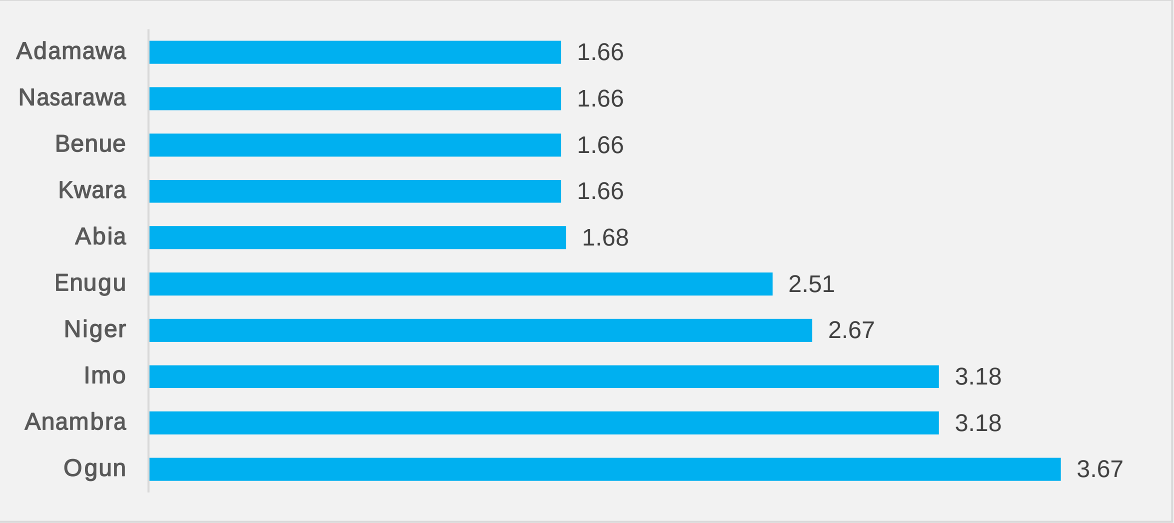
Available accommodation within most Nigeria universities can only cater for not more than 20% of the students enrolled and according to the National Universities Commission, the provision of student housing is less than 30% of its demand which in turn means that the market has found it difficult to keep up with the increasing growth.

The sharp depreciation in the Naira, which has led to a significant rise in the cost of educating children abroad, and the deplorable state of publicly funded educational institutions, have increased the demand by middle-class parents for educational institutions that are in the country but can provide international standard educational environment, facilities and teachers. Upgrading and equipping existing classrooms and providing essential resources can enhance the learning environment and improve student engagement. This includes providing functional furniture, teaching materials, audio-visual equipment, and access to technology. Well-equipped science laboratories and libraries are essential for hands-on learning, research, and intellectual development. Enhancing laboratory facilities with modern equipment and resources, as well as stocking libraries with a wide range of books and digital materials, can promote practical learning and improve educational outcomes. Some of the government initiatives to support the education sector in Nigeria include.

Universal Basic Education Commission: UBEC provides intervention funds to 36 states and the Federal Capital Territory (FCT) to improve access to basic education in the country. However, it is estimated that 50% of public schools in the country lack basic furniture, forcing pupils to sit on the floor to take lessons. The UBEC reports that each state receives an average of ₦1.5bn for funding of basic education from the commission every year. But the initiative has been docked by various issues including the non-provision of the matching grant required to access the fund by some states.
For instance, in 2021, the federal government contributed ₦946mn to each state. This means each state must also contribute ₦946mn, making it a total allocation of ₦1.89bn for each state's UBEC. It is also a prerequisite that the previous year's project must have attained 70% completion before accessing another fiscal year's fund from UBEC.

Data released by UBEC in 2022 showed that from 2005 to 2021, the federal government has disbursed a total of ₦564.6bn to the 36 states and the FCT under the initiative. However, reports show that Ogun and Niger states were among the states that failed to provide the matching grant required to access the funds within the period in spite of the condition of schools in both states. The UBEC data revealed that from 2005 to 2021, Niger did not access a total of ₦2.67bn matching grants, while that of Ogun stood at ₦3.67bn.

States with Highest Unassessed UBEC Grants from 2005-2021 (₦'bn)



Source: UBEC

Student Loan Act: The Act seeks to provide access to interest-free loans to Nigerian students in tertiary institutions and establishes an Education Loan Fund to help Nigerians fund their higher education. The law is however silent on the minimum and maximum amount that can be obtained, limiting it only to payment of tuition fees- with an obligation to repay in instalments two years after completing the National Youth Service Corps (NYSC) programme. Introduced as part of measures to address the education funding gap in the tertiary sector, the Act has been met with excitement on one hand and severe criticism on the other. Following the announcement of the act, the Ministry of Education announced that the federal government was unable to continue funding universities, leading to an astronomical hike in tuition fees.

While the Student Loan Act and the Universal Basic Education Commission represent commendable efforts to enhance education in Nigeria, it is evident that these initiatives fall short in addressing the comprehensive funding requirements. They inadvertently contribute to further funding deficiencies at the state and school levels. Consequently, it is imperative for the private sector, facilitated by infrastructure funds, to play a pivotal role in furnishing the educational sector with accessible financial resources. This strategic intervention is crucial for unlocking the full potential of education as a catalyst for economic growth and development.

Entertainment

The entertainment industry in Nigeria is said to be the new oil and this statement couldn't be so far from the truth. From music and film to fashion and design, Nigeria has a vibrant and diverse creative sector that possesses huge income-generating potential and is a major driver of economic growth and social development. National Bureau of Statistics data indicates that the contribution of the arts, entertainment, and recreation industry was not less than 4% from 2016 to 2021. The industry hit an all-time low in 2020 where the percentage contribution to Nigeria's GDP was -3%. The contribution to the GDP rose to 1.72% in 2021 indicating a growth of 3.40%. Globally, the art and entertainment sectors are impacted by technology and shifts in people's consumption habits. A PwC report predicted that the Nigerian Entertainment and Media industry will be the fastest growing in the world in the next five years with a CAGR of 12.1%. For this reason, the Nigerian government has recently unveiled a plan - The Destination 2030 plan to capitalize on this creative energy and transform Nigeria into Africa's cultural and entertainment capital.

PwC indicates that in 2021, Nigeria's film industry contributed 2.3% and about ₦239bn ($660mn) to GDP and predicts that the industry will increase its export revenue earnings to over $1bn. The motion picture and music recording industry exceeded 2020 estimated $806mn revenue contributing about ₦730bn to the country's GDP.

The traditional TV and home video segment is the industry's second-largest market. However, due to competition from other segments, its market share is projected to decline from 9% to 6% contrary to its expected rise from $692mn in 2021 to $865mn in 2025. Therefore, this led to the key players in the sector capitalizing on the internet wave. For instance, Arise TV, Channels TV and Television Continental (TVC) have advanced towards the internet to retain their relevance in the media sector.
Although Nigeria's creative sector is one of the largest in Africa and second globally, the sector suffers inadequate infrastructure and technology, which in turn hampers connectivity and mobility, limits access and quality, and increases costs and risks. For example, despite having the largest mobile market in Sub-Saharan Africa, yet according to the World Bank, Nigeria has minimal fixed broadband infrastructure and connectivity, leaving a significant number of the most marginalized segments of the population without access to digital services. To address this, there are plans to build state-of-the-art facilities that will enable the production, distribution, consumption, and export of creative goods and services. The facilities and platforms will include studios, theatres, galleries, museums, libraries, hubs, and networks. They will also incorporate digital solutions that will enhance efficiency, innovation, inclusion, and resilience.

Another challenge that the plan addresses is limited access to finance and investment. In the last few years, this has constrained the growth and sustainability of Nigeria's creative sector. In 2023, the African Development Bank partnered with Nigeria and other investors to set aside $618mn to fund Nigeria's tech and creative startups. Nigeria's plan is to create a dedicated fund that will provide financial support in various forms to creative entrepreneurs and businesses. The fund will offer grants, loans, crowdfunding, and sponsorship to support different stages of development, from ideation to expansion. The government is also proposing to launch a global campaign that will showcase Nigeria's cultural diversity and excellence to attract investment. The campaign will highlight the achievements and potentials of Nigeria's creative sector while also leveraging Nigeria's diaspora community and international networks to amplify its reach. So far, a Creative Economy Council has been set up to coordinate and oversee the implementation of the plan across all levels of government and stakeholders. The government's plans to support the creative sector are ambitious, but with the government's newfound bullishness on the sector, they have the potential to transform Nigeria's economy and culture if implemented correctly.

9. RATIONALE FOR THE FSDH INFRASTRUCTURE DEBT FUND

9.1 INTRODUCTION

In recent times, mobilising private sector financing to fund infrastructure and other critical economic projects has become a fundamental consideration for sustainable development of the economy.

Government has traditionally been the major provider of financing for delivery of infrastructure and other critical assets in Nigeria accounting for over 70% of total capital expenditure. However, the global financial crises stemming from COVID-19 has strained government budget resulting in deep cuts to spending proposals. For instance, Nigeria recorded a debt service to revenue ratio of 73.5% in 2022 following a 80.4% in 2021. The FGN will require additional ₦15trn in 2023 to achieve a sustainable debt service.

Historically, financing of infrastructure projects in Nigeria has been provided by commercial banks, financial institutions, export credit agencies and multilateral/bilateral investment agencies, primarily via senior debt instruments. However, the availability of long-term funding from commercial banks has been limited due to stringent financial regulations by Basel III.

Majority of the debt funding hitherto provided for projects were structured with a substantial portion denominated in US$ and limited to tenors of less than 10 years. These funding structures exposed infrastructure projects to NGN/USD exchange rate volatility as their revenues are largely denominated in Naira. In addition, considering that the underlying assets typically have a useful life well above 10 years, the loan tenors available from the banks are not adequate and therefore cause a misalignment between the funding available and the funding needs of the projects.

Other initiatives to improve access to financing such as the use of PPPs is yet to reach a meaningful impact as overall investment is less than 10% of investment requirements and government is yet to gain meaningful traction in its quests to unlock a portion of the ₦15trn pension assets for funding infrastructure. Its recent target was aimed at accessing ₦2trn of pension assets has not gained traction.

In line with FGN policy of encouraging private sector investment in infrastructure, coupled with the large investment needs of the country, it is quite apparent that large amounts of commercial financing will need to be mobilised to meet these requirements – in the form of both equity and debt. Considering that typical infrastructure project in Nigeria is likely to be financed with a debt-to-equity ratio of around 70:30, the demand for privately financed project is likely to remain high in the near term.

9.2 FINANCING AND INVESTMENT OPTIONS

Modes of assessing privately financed infrastructure assets.

From an investment perspective, there exists a diverse array of investment mechanisms and pathways through which infrastructure assets can be accessed. In a broad sense, investors have the option to engage with infrastructure assets either directly or indirectly. The indirect avenue further branches into unlisted and listed infrastructure funds.

Direct investments, encompassing the private financing of infrastructure projects and assets, present the advantages of hands-on control and asset ownership. However, direct investment necessitates a level of expertise that might render it impractical for smaller-scale investors, coupled with a substantial capital outlay. Moreover, the formulation of privately financed infrastructure projects involves intricate contractual frameworks involving multiple stakeholders such as governmental bodies, project sponsors, financiers, contractors, and regulators.

Conversely, the indirect approach to investment, facilitated by open- and close-ended fund structures managed by external fund managers, offers investors exposure to infrastructure assets without the need for extensive in-house investment teams. Additionally, external managers have established affiliations with proprietors of high-quality infrastructure assets, granting them the capacity to secure such assets within a competitive market landscape.

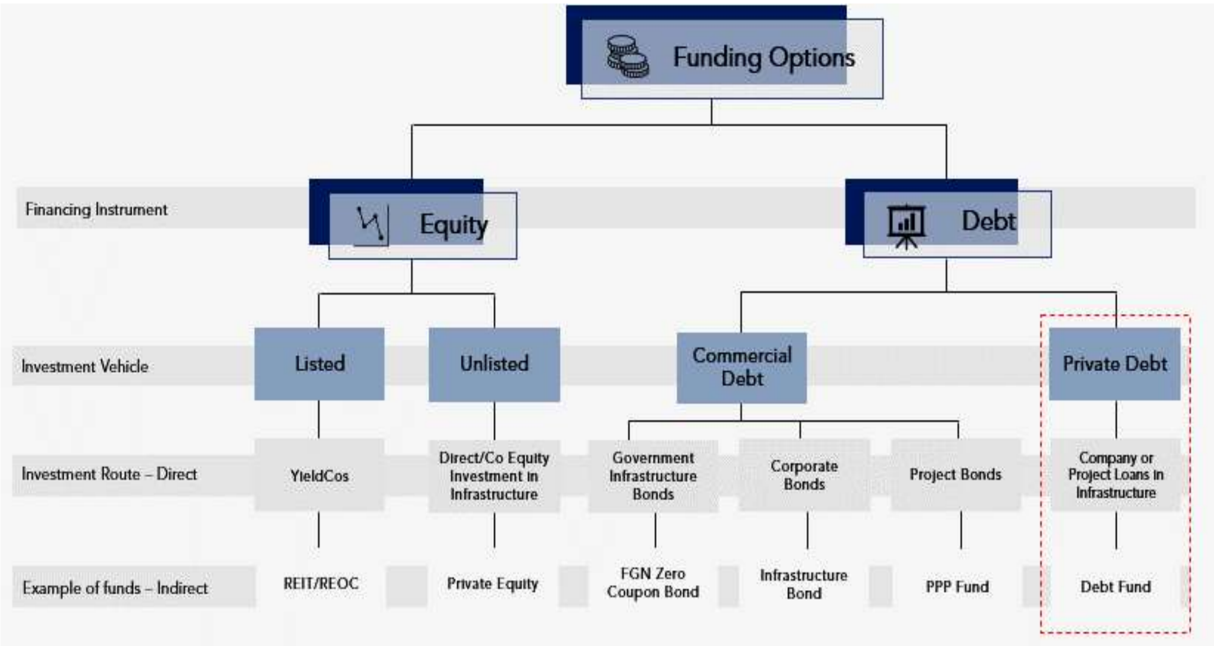
Infrastructure financing: Equity and Debt

The total capital required to finance infrastructure typically consists of equity and debt. Project sponsors and other equity focused investors typically provide the required equity while debt is provided by banks and other institutions.

The equity component of the investment, given its role in the capital structure, bears the maximum risk, while the debt component benefits from the priority enjoyed by such instruments in the cash-flow waterfall of the project. The stable cash flow profile and asset-backed nature of infrastructure provides a degree of comfort to lenders.

As a result, infrastructure financing typically involves high levels of debt with the remainder in equity.

The chart below shows the debt and equity instruments for financing infrastructure projects.



The FSDH Infrastructure debt fund will primarily provide senior debt to eligible companies (project and corporate) while subordinated, mezzanine capital will be provided on opportunistic basis subject to underlying transaction economics.

9.3 CHARACTERISTICS OF ELIGIBLE PROJECTS /TRANSACTIONS FOR THE FUND

The fund will exclusively invest in opportunities that contribute to the social and economic advancement of Nigeria. It will prioritize investments that exhibit, but are not confined to, any of the following features:

Provision of Essential Services

The fund would invest in projects that provide and deliver essential economic and social services to a wide spectrum of people and businesses as well as have a significant positive impact on both economic and social development. Supporting and fostering faster economic growth and facilitating fundamental economic activities, including trade and commerce, thereby generating substantial multiplier effects that contribute to the overall growth of the economy.

Strong Government Support

Such support can take on different forms, for instance, Exclusive concession granted for the development of the project, giving the entity the sole right to construct and operate the project (e.g. a contract to build a container terminal at a port), Credit support to improve the project's bankability (e.g. financial guarantees or letters of credit to secure funding and reduce risk), Grant of lease or providing the right to use a specific property or land for the construction and operation of the project, as seen with toll roads, etc.

Long Predictable Cash Flows

Projects that often exhibit consistent, long-term cash flows that can be reasonably projected with a high level of confidence. These cash flows may arise from long-term supply and offtake contracts with "take or pay" features. These contracts ensure that the project has committed buyers who agree to purchase the project's capacity and output at predetermined prices or pricing formulas. Such arrangements are common in projects like power generation plants. A robust contractual structure is essential to minimize the risk of defaults that may arise from these types of projects.

Overall, the well-defined cash flow patterns and strong contractual arrangements make projects like these attractive to investors seeking stable and predictable returns over the long term.

Large Assets Base

These types of projects predominantly entail investments in tangible assets with extensive economic lifespans, often exceeding 30 or 40 years. This extended useful life allows for the initial investment cost to be spread over many years, enabling the provision of affordable services to users. Additionally, the nature of these projects being asset-oriented makes them suitable for asset-backed financing techniques.

In this approach, investors, especially senior debt providers, can use the project's physical assets as collateral in addition to having recourse to the project's cash flows.

Assets with Long Useful Lives

Infrastructure initiatives typically encompass assets with extended economically viable lifespans, often spanning more than 35 years. This prolonged utility period empowers these undertakings to distribute the initial investment expenditure across numerous years, consequently rendering accessible and reasonably priced services to beneficiaries. The inherent characteristic of these projects, revolving around tangible assets, also lends itself to the application of asset-backed financing methods. In this context, investors, especially those offering senior debt, can frequently secure their investment with these assets as collateral, complementing their recourse to the project's generated cash flows.

Backed by Project Guarantees.

These guarantees play a vital role in acting as robust risk management tools, instilling a sense of security and reliability in the projects. By investing in opportunities backed by such guarantees, the fund aims to minimize potential risks while maximizing the potential for successful returns. Furthermore, with the presence of project guarantees, the fund can diversify its investment portfolio across various sectors, such as infrastructure, energy, real estate, and other ventures. This diversification enables the fund to access a wide range of promising opportunities.

Inelastic Demand

The fund's focus will be on ventures characterized by lower cyclicality. Given the pivotal role infrastructure projects play in a nation's advancement, the products or services targeted by the fund for investment should exhibit inherent stability and an anticipated correlation with the underlying economic or demographic expansion. Consequently, this approach engenders consistent and predictable operational cash flows, thereby furnishing investors with a dependable basis for evaluating the forthcoming performance of these investments.

Credit Enhancements

Credit enhancements are employed to bolster the creditworthiness of an investment or borrower, making it more appealing for potential investors. As part of the funding criteria, the project must demonstrate the presence of supplementary credit enhancement measures.

9.4 RISK MITIGATION AND REMEDIAL TOOLS IN PROJECT DEBT FUNDING

The unit risk structure in private debt investments plays a vital role in mobilizing liquidity and providing opportunities for investors. It involves dividing the fund into different units, each with its own risk profile, allowing investors to choose investments that align with their risk preferences.

Project/infrastructure debt transactions are structured to be both highly resilient to a wide range of potentially severe risks, and to minimize any post-default economic loss to the debt holders. Based on the overall contractual framework, there are a few unique features that are included in typical private debt transactions to provide strong protections to lenders. These features include:

Debt Service Reserves

In the event of temporary cash flow disruptions from the project, the creditors can access the borrower's debt service reserves. These reserves are typically set aside and are enough to cover the debt service obligations for six to twelve months. This allows the project sponsors ample time to address the root cause of the cash flow disruption.

Hierarchy of Cashflow Distribution

The proposed project would be required to maintain a cashflow "hierarchy" wherein operating expenditure and senior debt services are given higher priority over any distributions to shareholders.

All project revenues are directed into a dedicated escrow account, ensuring that project sponsors cannot access the cash flow until they fulfil the debt service requirements to the lenders' satisfaction and demonstrate the project's future financial performance.

Comprehensive Lump-Sum Turnkey Construction Agreements

For greenfield infrastructure projects, significant additional protections are typically included in the financing structure. These include (i) appointment of technically qualified and experienced construction contractors under fixed price, date-certain turn-key contracts; (ii) any drawdown of loans being subject to all financing being fully tied up and available; and (iii) performance guarantees from the contractor, backed by creditworthy financial institutions.

Upholding Financial Covenant Obligations

Proposed borrowers are required to demonstrate regular compliance with predefined financial covenants, both retrospectively and prospectively, particularly for DSCR and debt-to-equity ratio. For DSCR, the lenders seek compliance with the minimum level (during any given measurement period) as well as the average level over the remaining life of the loan.

Private debt transactions incorporate also various remedial tools to safeguard the original investment terms. These tools include:

Execution of Share Pledge

In the usual financing structure, project sponsors utilize their equity ownership as a form of collateral for creditors. The option to sell, or the implicit possibility of selling, the project sponsor's equity share in the project entity can function as a means of enforcing obligations without causing disruption to the core business activities.

Limitations on Distributions

Should a debt covenant breach occur, notably stemming from prolonged insufficiency in project cash flows, creditors possess the authority to curtail any disbursement to project sponsors and equity stakeholders. This suspension of distribution confines liquidity within the borrowing entity, potentially aiding in the rectification of minor breaches. Additionally, it furnishes a substantial financial motivation for project sponsors to diligently address the breach in a manner acceptable to creditors, which might encompass infusing supplementary equity capital if deemed necessary.

Repayment of Debt upon Termination

In numerous ventures, when the principal PPP contract between the borrower and government authority is terminated, senior lenders are typically indemnified by the government authority upon assuming control of the project.

Exercising Remedies with Performance Bonds

The Creditors retain the option to utilize the performance bond supplied by the construction contractor or the project operator, aiming to address the financial consequences resulting from any deviation in meeting contractual obligations. This course of action seeks to reinstate the borrower's financial position to its projected state had no breach occurred. The funds generated from enforcing these bonds are generally allocated towards reducing a portion of the outstanding loan.

Step-in rights

As a common practice in infrastructure/debt project financing, lenders generally possess the authority to "step in" and assume the role of the borrower in essential project agreements, particularly when a termination right arises due to the borrower's breach. This approach effectively allows the creditors to take control of the enterprise temporarily, potentially paving the way for the introduction of a new group of equity investors after this interim period.

9.5 ROLE OF FSDH INFRASTRUCTURE DEBT FUND

Strategic Objective

The Primary objective of the Fund is to provide Unitholders with consistent income streams through investments in debt or debt-related projects, enterprises, and SPVs, primarily situated in Nigeria and Sub-Saharan African countries that provide essential services within the Fund's target sector range, have large asset base with long useful life, and have strong and predictable cash flows in local or foreign currency and sufficient equity to absorb losses.

In addition, utilising the net proceeds raised in each Series or Tranche, the Fund will make investments with the overarching aim of delivering Unitholders a yield 3%-5% higher than the corresponding benchmark which shall be the Federal Government 10-year bond yield provided that the benchmark shall be the relevant benchmark for the Fund for a period of at least 5 years, as outlined in the relevant supplementary prospectus. This goal is achieved by harnessing the underlying coupon in addition to supplementary fees payable by borrowers upon legal commitment, i.e., arrangement, commitment and management fees. The income generated by the Fund will be periodically distributed to Unitholders, following deductions for the operational expenses of the Fund.

The Fund's focus will be directed towards investments that offer substantial safeguards against anticipated and known risks that might jeopardize returns on invested capital and prospective investors' committed funds.

The income derived from the Fund, comprising interest accrued on disbursed loans, fees and dividends, will be distributed bi-annually to Unitholders, with deductions made for the Fund's operating expenses and relevant withholding tax

Functioning as a Closed-Ended Fund, the Fund will actively strive to expand and diversify its investment portfolio over time. This strategic expansion is anticipated to bolster risk management, curbing the typical volatility linked to concentrated investments while promoting broader diversification.

9.6 LONG-TERM STRATEGIC IMPACT OF THE FUND

Over the medium- and long-term, following are some of the major developmental impacts of FSDH Infrastructure Debt Fund:

1. **Accelerated roll-out of critical infrastructure.**

   The long-dated nature of FSDH Infrastructure Debt Fund investments will enable a much larger number of infrastructure projects to achieve financial viability, by better matching the projected cash flows profile with the capital structure of the project.

2. **Reduction of financing risks**

   The long tenor of FSDH Infrastructure Debt Fund funding will reduce the risk profile of the projects, by significantly reducing or eliminating the need for seeking refinancing of project loans during early stages of project operations.

3. **Improved participation by project sponsors**

   The option to raise funds from the FSDH Infrastructure Debt Fund will encourage project sponsors to start and complete projects earlier given the specialized nature of the Fund, thus increasing competition and participation by project sponsors.

4. **Reduction in overall costs of infrastructure delivery**

   By reducing the risk profile of projects, FSDH Infrastructure Debt Fund will lead to lower overall cost of capital for infrastructure projects in Nigeria. This will enable lower cost of delivery of these services, since cost of debt is one of the largest components of tariff for any infrastructure project. Lower cost of resulting assets will enable a much larger number of people of have access to infrastructure, and essential services particularly the poor.

5. **Catalytic growth effect on the Nigerian economy**

   The Fund will invest in greenfield projects in economic infrastructure with direct impact on production, improvement, and development of the road network, increasing power generation, construction of bridges, development of ports and the improvement of railways, with the long-

term effect of catalysing economic growth.
Such catalytic effects include reduced costs of goods and services because of enhancement of roads and transport infrastructure, enhanced export earnings from vibrant industrial sector arising from improved power and efficient logistic offering.

9.7 SHORT-TERM STRATEGIC IMPACT

FSDH Infrastructure Debt Fund proposes to launch by deploying most of its initial capital in brownfield, income generating projects or projects that are very close to completion and cash flows. This may include the refinancing of existing infrastructure loans from existing lenders.

9.8 ESG CONSIDERATIONS

By its underlying nature, the FSDH Infrastructure Debt Fund investments in infrastructure or target sector assets will be interconnected with economic growth and social progress addressing specific developmental and consumer needs. Target assets to be invested will also contribute significantly to the well-being of the population, the productivity of the workforce, and facilitate broader access to education and health services.

In its selection of target assets, the Fund will pay attention to:

- A robust due diligence process that includes a framework that would assess the overall impact of the Fund's investments on areas such as human rights, discrimination, child labour, forced or compulsory labour and the rights of citizens.
- Detailed Environmental & Social Risk Assessments to be undertaken prior to backing transactions that fall within the ambit of the Equator Principles.
- In general, the Fund would have in place an identification, evaluation and execution strategy aligned to global standards and best practice.
- The Fund would also seek out projects backed by reputable sponsors, operators and DFIs that are well known for high ESG (Environmental, Social and Corporate Governance).

Theme	Impact Areas	Description of potential areas
ENVIRONMENTAL	Climate Change and Sustainable Finance	The fund will support renewable energy projects with the aim of reducing carbon footprint and contributing to a greener, more sustainable future. In addition, with the extra funding, businesses can implement innovative clean energy technologies which would facilitate the transition into a low-carbon environment
SOCIAL	Health	The Fund will provide capital for infrastructure development and extended delivery of services in the healthcare sector.
	Infrastructure	The Fund Manager would supply funding for infrastructure development, with investments channelled through the Fund. In addition, the development of infrastructure invested through the Fund is anticipated to bring about significant benefits for many individuals.
	Financial Inclusion	The Fund Manager will actively explore opportunities to invest in telecommunications infrastructure that can facilitate financial inclusion by supporting mobile money services.

Theme	Impact Areas	Description of potential areas
ECONOMIC	Job Creation & Enterprise Development	Through the key sectors the funds will be invested in various significant job opportunities would be created.
	Africa Trade & Investment	As the Fund grows, the Fund Manager will seek opportunities to invest outside Nigeria

10. INFORMATION ON THE FSDH INFRASTRUCTURE DEBT FUND

10.1 NATURE OF THE FUND

The Fund is a Close-Ended unit trust scheme domiciled in Nigeria and is designed to comply with the rules for Infrastructure Funds/Collective Investment Scheme issued by the SEC. The Fund has a maximum term of 99 years, subject to early winding up provisions contained in the Programme Trust Deed.

The fund prioritizes the provision of financing for projects, companies and SPVs located in Nigeria and Sub-Saharan African countries that are set up to provide product or services in the Target Sector Range. Therefore, the net proceeds from each Offer under the Programme will be used for providing capital via a broad range of investment structures and options such as senior debt, mezzanine and convertible debt, preference shares or other debt for the stated Target Sector Range unless otherwise stated in the applicable Supplementary Prospectus of a Series or Tranche.

According to the pipeline of opportunities, the preferences of the Unitholders, and the necessary investment size/ticket, Units under the Programme will be periodically offered to investors in Series or Tranches. Each Tranche or Series will have a distinct tenor, which cannot be longer than the duration of the entire program. The Fund Manager shall choose the tenor for each Series or Tranche, which shall be detailed in the applicable Supplementary Prospectus for the Units being offered.

10.2 BENEFIT TO INVESTORS

The potential benefits that investors may derive from the Fund are as follows:

- Diversification of Portfolio: By participating in the Fund, investors can effectively diversify their investment portfolio by gaining exposure to an asset class that boasts of a notably low correlation with traditional investments like stocks and bonds. This diversification can aid in minimizing overall portfolio risk.
- Regular Earnings: The Fund's investment portfolio will encompass scheduled contractual payments received from borrowers. This strategic approach will empower the Fund to furnish investors with a consistent and predictable income stream, achieved through systematic distributions from earned income.
- Risk Mitigation: The Fund's diversified investment approach can help mitigate risks. With investments spanning various sectors and industries, the impact of underperformance in one sector can be balanced out by positive performance in others.
- Facilitated Liquidity: Subsequent to the Fund's Units listing on esteemed exchanges such as the FMDQ and/or the NGX, Unitholders will enjoy the flexibility of trading, thereby generating enhanced liquidity for their investments. Moreover, each tranche's predetermined lifespan ensures that investments mature within a set timeframe, enabling the eventual return of capital to investors. In addition, the Fund Manager may also facilitate liquidity of the investments through the matching of willing buyer and willing seller of units of the Fund.
- Improved Yield Potential: Investors will have the opportunity to tap into fixed-income instruments that yield higher returns compared to publicly available fixed-income options. This promises the potential for greater financial gains, contributing to an attractive investment proposition.
- Socio-Economic Benefit: By allocating resources across diverse sectors, the Fund plays a pivotal role in expediting access to critical infrastructure, thus catalysing the transformation of the Nigerian economy. The Fund's strategic investments wield the power to foster substantial socio-economic impact across various segments of society.
- Access to bespoke investments: The investments to be made by the Fund shall be originated and structured by the Fund Manager, thus the investors will have access to bespoke investment advisory services and proprietary deals by the Fund Manager, the Investment Advisers, and the Investment Committee.
- Low volatility: a balanced and diversified investment approach will be adopted by the fund by combining a near risk-free, low-return investment with quality high-yield assets, thus reducing the risk volatility of investors. Also, there is a track record of infrastructure debt investments' performance. These translates to a lowered volatility.

Like all investments, an investment in the Fund is subject to risks. These are included in Section 13 (Risk

Factors) of this Shelf Prospectus.

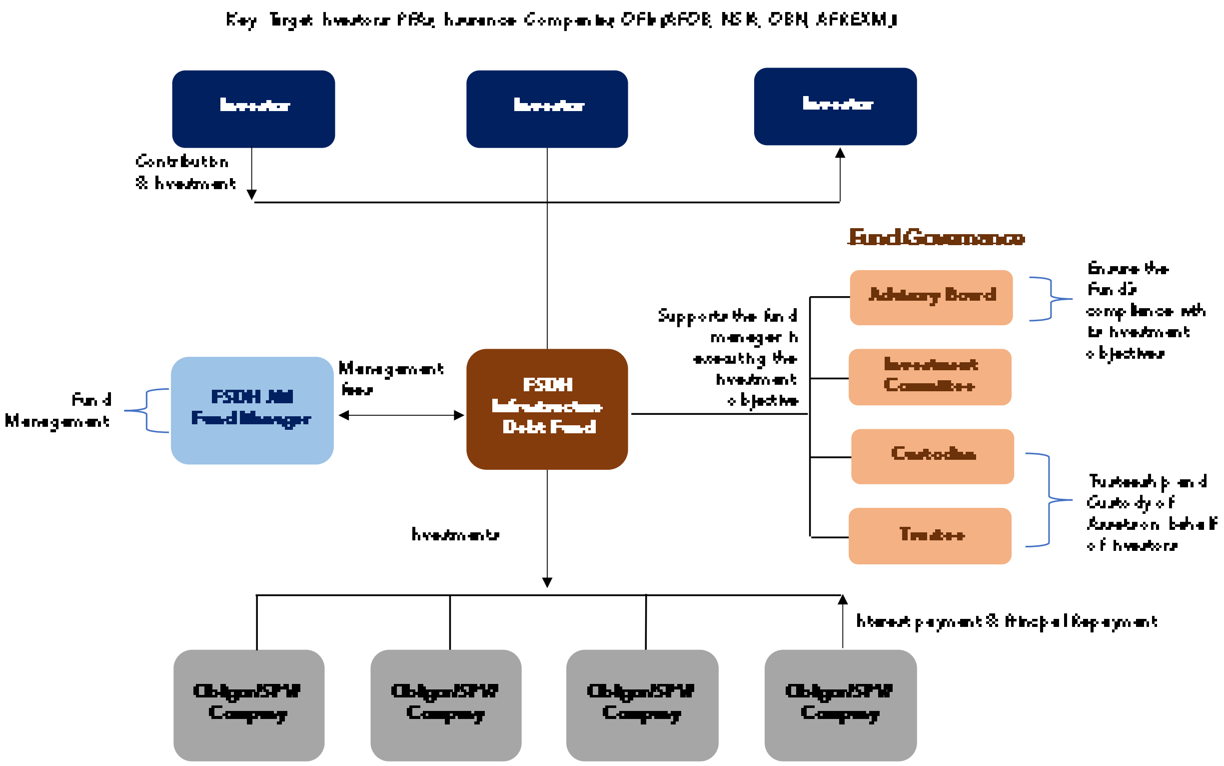
10.3 MANAGEMENT OF THE FUND

The Fund is governed by a Programme Trust Deed with FSDH Asset Management Limited as Fund Manager and UTL Trust Management Services Limited as Trustees. The assets of the Fund will be held by the appointed Custodian, for the benefit of the Fund.

The Fund Manager will be responsible for:

- Implementing the fund's Investment strategy and managing the fund's day-to-day operations.
- Decision-making in respect of infrastructure financing via investments and loans to be made by the Fund and the subsequent portfolio management.
- Creating an Advisory board for the fund, which will include representatives of the Institutional Investors of the fund as well as the Trustees. The Advisory Board will be in charge of monitoring the Fund's adherence to its investment goal and any potential conflicts of interest; AND
- Creating an Investment Committee made up of senior and knowledgeable investment professionals, whose job objective will be to evaluate investment proposals and approve any investments made by the Fund Manager.

10.4 STRUCTURE OF THE FUND



10.5 OBJECTIVES OF THE FUND

The Primary objective of the Fund is to provide Unitholders with consistent income streams through investments in debt or debt-related projects, enterprises, and SPVs, primarily situated in Nigeria and Sub-Saharan African countries that:

i) Provide essential services within the Fund's target sector range

ii) Have strong and predictable cash flows in local or foreign currency and have sufficient equity to absorb losses.

Utilising the net proceeds raised in each Series or Tranche, the Fund will make investments with the overarching aim of delivering Unitholders a yield 3%-5% higher than the corresponding benchmark which shall be the Federal Government 10-year bond yield provided that the benchmark shall be the relevant benchmark for the Fund for a period of at least 5 years, as outlined in the relevant supplementary prospectus. This goal is achieved by harnessing the underlying coupon in addition to supplementary fees payable by borrowers upon legal commitment, i.e., arrangement, commitment and management fees. The income generated by the Fund will be periodically distributed to Unitholders, following deductions for the operational expenses of the Fund.

The Fund's focus will be directed towards investments that offer substantial safeguards against anticipated and known risks that might jeopardize returns on invested capital and prospective investors' committed funds.

The income derived from the Fund, comprising interest accrued on disbursed loans, fees and dividends, will be distributed bi-annually to Unitholders, with deductions made for the Fund's operating expenses and relevant withholding tax

Functioning as a Closed-Ended Fund, the Fund will actively strive to expand and diversify its investment portfolio over time. This strategic expansion is anticipated to bolster risk management, curbing the typical volatility linked to concentrated investments while promoting broader diversification.

10.6 INVESTMENT POLICY

10.6.1 Investment Strategy

The Fund's investment strategy is rooted in its ability to deliver reliable cash flows for distribution to investors, effectively liquidate investments upon maturity, attain returns at a premium exceeding relevant benchmark, and manage risk at a level suitable for investors' profiles.

The Fund Manager's primary focus lies in cultivating the Fund's portfolio through the identification and the strategic support of infrastructure opportunities that embody various advantageous traits. These include companies, SPVs and projects that hold promising and feasible prospects. The Fund Manager also seeks out projects fortified by credit enhancements, guarantees, and robust countermeasures against potential defaults.

The Fund Manager places importance on loan repayment sources that remain insulated from significant currency mismatches. To ensure investor confidence, the Fund Manager insists on the presence of substantial covenants, commitments, and protective measures. This could involve secured off-take agreements backed by reputable partners, particularly when relevant. Moreover, the Fund Manager targets counterparties or ventures that display a resilient disposition in the face of evolving business conditions.

10.6.2 Investment Criteria

The Fund will focus on projects in Nigeria with high market attractiveness by sponsors with a strong track record of delivery and market position. Specifically, it will invest in projects that have the following attributes:

- Provide essential social and economic services.
- Have business models supported by;
  - long-term off-take arrangements with a government entity or a creditworthy private sector entity; or
  - concession or license granted for development and management of a project or facility; or
  - provision of monopolistic services under a regulatory framework; and
  - credit enhancements, guarantees, and robust countermeasures against potential defaults.
- Have or will have a physical asset base.
- Are backed by strong sponsors and proven operators.
- Have a transparent procurement process and bankable EPC and O&M contracts (inclusive of appropriate performance requirements) with credible counterparties.
- Are backward integration projects aimed at maximizing the value chain and extending competitive advantage.
- Are backed by strong sponsors and proven operators with a track record of successful implementation.

10.6.3 Investment Instruments

Debt and equity typically make up the total amount of capital needed to finance investments. Due to the significant risk that equity capital entails, the debt component benefits from the priority enjoyed by such instruments in the cash-flow waterfall of an infrastructure project. The investment strategy of the Fund will be guided by several key factors, including its capacity to generate regular cash flows that can be subsequently distributed to investors. Additionally, the strategy will prioritize the Fund's ability to achieve liquidity upon reaching maturity, as well as its potential to yield a net return that surpasses the applicable benchmark. All these aspects will be executed while maintaining a risk level that is both low to moderate, in line with the investor profile.

The overarching strategy is geared towards engaging in opportunities that have undergone thorough de-risking procedures to attain an acceptable level of risk.

To achieve effective risk diversification, the Fund's approach will involve investing across a broad spectrum of options, encompassing senior debt, mezzanine structures, and convertible debt.

A primary focus of the Fund will be on identifying de-risked greenfield projects that align with the preferences of potential investors. Additionally, the Fund will prioritize income-generating and/or de-risked assets, particularly those fortified by guarantees and credit enhancements. This strategy may involve collaboration with esteemed institutions such as Infracredit, the World Bank, the IFC, and the NSIA to leverage their expertise and credibility.

The investment approach of the Fund entails a policy of diversifying investments across a range of instruments within the capital structure of targeted infrastructure or infrastructure-related ventures, entities, or special purpose vehicles (SPVs). These instruments encompass, without being confined to, Senior Debt, Mezzanine Debt, Convertible Debt, as well as other debt structures that align with the overarching goals of the Fund.

10.6.4 Asset Allocation

The majority of the Fund's assets (up to 90%) will be invested in senior loans, securities, and securitised debt instruments (senior and subordinated debt) of target sector companies or projects, while 30% may be allocated to convertible loans, subordinated loans, working capital loans, preferred shares, or warrants (mezzanine debt) for return investment.

The Funds would invest at least 60% of their net assets in Nigeria and up to 40% in other Sub-Saharan Africa countries.

The following asset allocation is anticipated:

Instruments Indicative Allocation	(% of net assets)	Risk Profile
Senior project finance loans, securities, or securitized debt instruments issued by target companies or projects or special purpose vehicles for the purpose of facilitating or promoting infrastructure or target sector investment, or bank loans made in relation to completed and revenue-generating projects of infrastructure or target sector companies or special purpose vehicles.	70 - 90%	Medium
Convertible debt instruments, which includes mezzanine financing instruments, issued by target sector firms.	10 -30%	High
Money Market Instruments and Bank Deposits with high yields.	5 -10%	Low

10.6.5 Target Sector

The Fund Manager will focus on building a robust and diversified pipeline of infrastructure assets. Investments by the Fund will broadly target suitable target sectors with social and economic value to the overall development of Nigeria. The Fund will seek opportunities within the following sectors:

Agriculture	▪ Farm Mechanization & Storage ▪ Irrigation ▪ Renewable energy power plants at Farms
Healthcare	▪ Hospitals ▪ Pharmaceutical Manufacturing & Storage ▪ Telemedicine ▪ Diagnostic Center & Medical Equipment
Transportation & Logistics	▪ Roads/Railway/Maritime/Airports/Airlines Infrastructure ▪ Logistics & Storage
Energy & Power	▪ Electricity – Generation and Distribution ▪ Renewable Energy Projects – Solar and Hydro ▪ Gas (LNG/LPG) – Processing, Distribution and Storage Projects.
Information Communication Technology	▪ Telecoms Infrastructure ▪ Data Centers ▪ Satellite Network ▪ Fibre optic cable manufacturing and networks. ▪ Telecom Platform Extension - iDas, RAN, Mobile, and Rural Telephoning
Urban & Social Infrastructure	▪ Real Estate ▪ Entertainment ▪ Education

10.6.6 Portfolio Construction

Initial portfolio construction

The Fund shall seek to invest the net proceeds from the Initial Offer in a portfolio of loans in the Fund's target sector range, primarily by targeting brownfield/income-generating assets. This may include acquiring existing loans from other lenders in Nigeria. The Fund Manager has already identified a number of such loans and preliminary review of these loans/projects has been completed. The Fund Manager may also originate new debt investments for the Fund to deploy the net proceeds from the Initial Offer.

It is expected that the initial portfolio of the Fund will consist of 3 to 5 investments.

Subsequent portfolio expansion

Being a Close-Ended Fund, the Fund shall seek to grow its investment portfolio over time by making periodic investments that are in line with the Fund's investment objectives specified above. The resultant increase in the Fund's Net Asset Value will also enable the Fund to make larger investments, which are necessary given the large investment requirements of many infrastructure projects.

With additional investments, the Fund's portfolio will be further diversified and enable the Fund Manager to further strengthen the Fund's risk management and reduce the volatility of its returns.

The Fund Manager will seek to fund the additional investments from the principal repayment receipt from existing loans, short-term borrowing as permitted under the Trust Deed as well as through Follow-on Offers of Units to existing and new investors (subject to applicable SEC Rules and Regulations). The growth in the Fund's Net Asset Value will most likely lead to a gradual diversification of its investor base, which should result in improving liquidity for trading of the Fund's units in the secondary market.

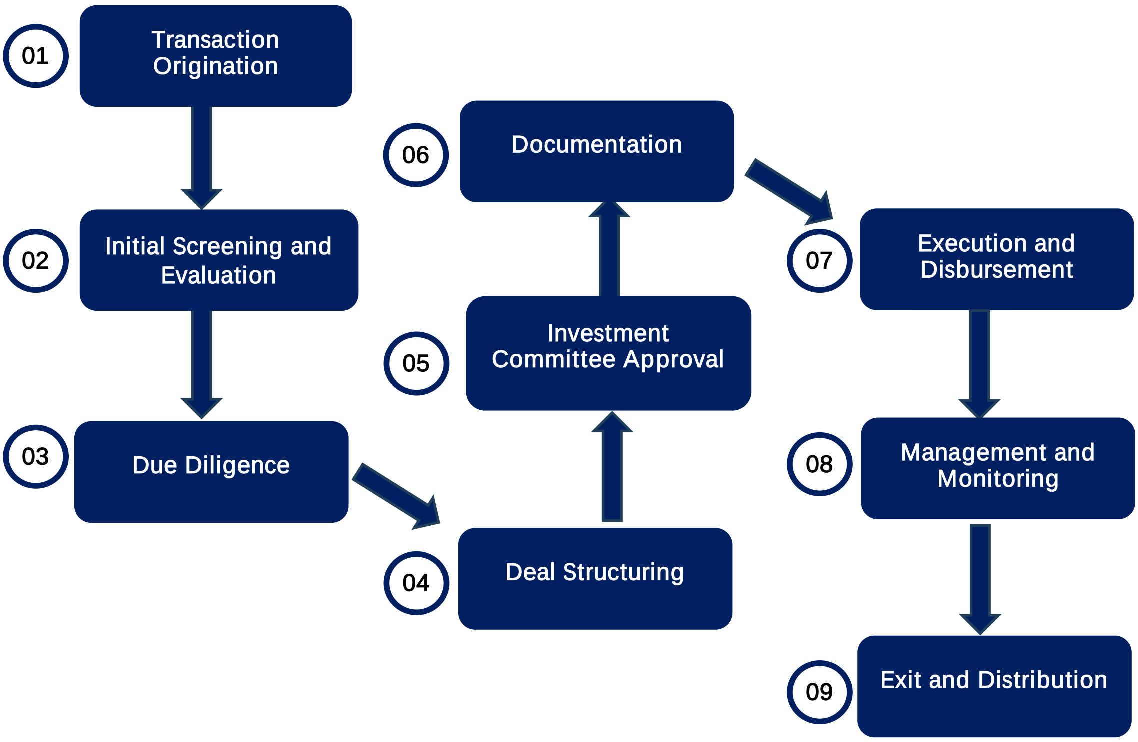
10.6.7 Other Investment Policies

- The Fund will invest in specific infrastructure/project opportunities using conventional project finance, working capital, and bridge finance structures, all in with the terms of each Series/Tranche.
- The Fund will encourage investment opportunities that can generate returns of a target yield which is expected to be 3% - 5% above the Fund's benchmark which shall be the Federal Government 10-year bond yield provided that the benchmark shall be the relevant benchmark for the Fund for a period of at least 5 years.
- The underlying structure of the investments may comprise fixed or floating rate instruments, with the rates potentially being assessed at a premium above a benchmark instrument. The magnitude of this premium will be contingent upon prevailing business and economic conditions, and industry risk, as well.
- The fund can be structured to a commitment-based model, where the investor's committed capital is drawn down and invested over time as investment opportunities are identified. This will mitigate against the adverse effects of cash drag on investor returns.
- The Fund retains the option to make investments in money market instruments. This strategy serves the dual purpose of maintaining liquidity and effectively managing cashflows, thereby serving as an alternate mitigant against the adverse effects of cash drag on investor returns.
- The Fund will also consider financing infrastructure projects established through well-structured partnerships. These partnerships may be led by private sector entities, majority public sector entities, or majority private sector entities. It's essential that in these partnerships, the private sector assumes responsibility for developing and managing the assets of the public sector entity on a shared-risk basis.
- The Fund's primary intention is to retain its investments until they reach maturity. Nevertheless, the Fund Manager reserves the authority, subject to approval by the Investment Committee, to divest from investments before their maturity date if such a decision is deemed necessary to safeguard or enhance value, acting in the best interests of the Fund's subscribers.
- The Fund will generate income through the periodic interest payments it receives from the loans it disburses. These income streams will be distributed to investors after deducting allowable expenses on a scheduled basis, such as semi-annually or annually.
- The Funds will primarily offer financing in NGN and advocate for the utilization of the local currency in supporting long-term infrastructure projects. However, the Fund will retain the flexibility to engage in investments connected to or denominated USD when it is considered suitable. This may be applicable in cases where new USD loans are obtained or when the project in question receives some or all its income in USD. Such opportunities may be financed through the issuance of USD tranches from the programme, especially where there is a high risk foreign currency risk or mismatch with funding such opportunities with the Naira based tranche(s).
- The investments undertaken by the Fund will typically have a maximum tenor of up to twenty years. However, if the investment framework and particular project justifies it, the Fund may consider longer tenors. The repayment schedules for these investments will be tailored to the projected cash flows of individual projects. Depending on these financial projections, the Fund's investment terms may include a moratorium during which the repayment of the principal and/or interest amount is deferred until the project stabilizes its operations. For greenfield projects, there may be no principal repayment during the construction period, while interest payments may be deferred or sculpted at the initial stages.
- It is anticipated that the moratorium for principal amortization on senior debt investments will typically fall within the range of 12 to 24 months (excluding the construction period). However, the Investment Committee holds the authority to approve a longer amortization period if warranted. On the other hand, subordinated debt investments made by the Fund are likely to feature a deferred amortization schedule.
- The Fund will strictly adhere to established National Standards on environmental and social risk governance and, in cases where these standards are not defined, it will follow the Equator Principles on same.
- The Fund will direct issues related to conflicts of interest to the Advisory Board for resolution.

- The Fund may invest up to 100% of the net proceeds from an Offer in bank deposits and money market instruments for up to 180 days, subject to a maximum of 10% - 25% of the Fund's Net Asset Value in any one financial institution. However, 100% of the net proceeds may be invested in short term government securities such as Treasury Bills.
- The primary focus of the Fund would be in brownfield projects with the capacity to deliver periodic interest payments for distribution to investors.
- Greenfield projects may also be contemplated where such have adequate protections in place, such as agreed off-take agreements, guarantees from reputable entities, EPC contracts and may require moratorium on interest and principal payments as may be determined by the Investment Committee.

10.7 TRANSACTION EXECUTION PROCESS

Investment Process Overview



10.7.1 Deal Sourcing/Transaction Origination

As a part of a full-service financial services Group, the Fund Manager will use its extensive networks and relationships to transactions. These relationships include banks, DFIs, institutional investors, business organizations, technical partners, and service providers amongst others. This network will be a valuable source of potential investment opportunities.

The Fund Manager will also continuously monitor target investment sectors to identify a pipeline of potential transactions.

Among these opportunities, those that initially align with the Fund's investment objectives, encompassing both economic and developmental impacts, will be subjected to a screening process by the Investment Committee to assess their suitability for inclusion in the Fund's portfolio.

10.7.2 Initial Screening and Evaluation

The Fund Manager will assess each eligible transaction to determine whether it is appropriate and in line with the Fund's goals. The Fund Manager will continue to collect additional project information and put together an Initial Project Memorandum once an opportunity has been added to the Fund's Deal Pipeline. This memorandum will include an indicative term sheet for the transaction as well as an overview of the project's structure, initial project risks, suggested risk mitigation techniques, budget for due diligence (if applicable), and budget for the project.

The Fund Manager will then present the project sponsors with this draft term sheet and request their approval before consulting with due diligence advisors.

The Fund Manager will notify the project promoters for more information if additional due diligence is deemed necessary. Meetings in person or virtually, direct information requests, entry to a data room, or completion of a due diligence questionnaire could all be part of this process.

The Fund Manager will seek out outside advisors as needed, including those with expertise in technical, legal, environmental, and social, traffic, financial modelling, tax, and accounting aspects, after the project sponsor accepts the indicative term sheet. These consultants will begin the project's due diligence process and verify the technical and economic presumptions underlying the investment opportunity.

The Fund will keep a list of pre-approved advisors in the legal, technical, and environmental fields, ensuring quick and specialized due diligence services for the Fund, to speed up due diligence procedures and lower costs.

10.7.3 Due diligence

The focus of the due diligence typically will be company positioning/sponsor strength, opportunity attractiveness, technical assumptions verification, financial model assessment, regulatory examination, atax matters as well as ESG considerations. The investment officer will liaise with the external advisers who were engaged to carry out due diligence activities where relevant.

The Fund will combine quantitative and qualitative models to assess profitability and default risk. It evaluates income, capital structure and cash flow, serving as a tool to gauge vulnerability to defaults. Changes in credit quality are tracked for risk assessment and mitigation. The qualitative model examines counterparty’s business and industry risk across various categories:

- Company competitiveness - external factors affecting the company’s position and relationships include market share, competition level, customer-supplier diversity and operational efficiency;
- Leverage structure - considers the amount of financial risk that the company is taking, such as the amount of debt financing (and off-balance-sheet liabilities) that must be serviced in relation to the magnitude and sustainability/volatility of cash flows;
- Financial flexibility - assesses the balance between the anticipated requirement for new capital or cash and the company's ability to get additional funding; and
- Quality of the administration - considers internal factors linked to the management structure, organisational design, internal risk management, transparency, completeness of accounting information etc.

To carry out the due diligence exercise, the Investment Officer will collaborate closely with the hired external advisers and the sponsors' team/advisers. The due diligence process may include, among other crucial information such as:

- Social, Economic and Environmental impacts;
- Insurance;
- Technical;
- Promoters’ history and background;
- Legal due diligence;
- Management;
- Determine major risks associated with the project;
- Investment analysis and evaluation of loan terms;
- Evaluation of the company and project;
- Financial performance and capital structure;
- Industry and Business environment.

The Fund Manager will review and discuss the findings of the due diligence review with sponsors to address any adverse outcome and provide mitigating measures as part of the deal structuring phase or to explain the basis of declining the transaction if no economic remedies are available to address negative due diligence issues.

10.7.4 Deal Structuring

To mitigate identified risks and ensure alignment of stakeholder interests, the Fund Manager will maintain an ongoing dialogue with the project sponsors regarding the term sheet. This communication will be based on the findings and outcomes of the due diligence process.

Where necessary, the Fund Manager will also create a lender's version of the financial model using standardized model templates. A Final Investment Memorandum, based on the results of thorough due diligence and the terms of the financing structure and its accompanying documents, will be put together by the Fund Manager to be submitted for Investment Committee for approval.

10.7.5 Investment Committee Approval

The Final Investment Memorandum will be presented by the Investment Team to the Investment Committee of the Fund. Upon a thorough review of the final investment memorandum, the Investment Committee will provide its endorsement for the investment and instruct the Investment Team to proceed with the finalization of the investment documentation. In addition, the Investment Committee will grant authorization to the Trustees to execute relevant investment documentation.

It's important to note that prior to reaching this stage, no legally binding investment commitment can be undertaken on behalf of the Fund, whether by the Fund Manager or the Trustees.

Upon receipt of the final approval from the Fund's Investment Committee, the requisite documentation for each investment will be meticulously finalized and subsequently executed by the Fund's Trustees. The closing and funding of each individual investment will adhere to specific conditions that are associated with that particular investment. These actions will be efficiently coordinated by the Fund Manager and executed by the Trustees.

10.7.6 Documentation

After obtaining approval from the Investment Committee, the Fund Manager will collaborate with legal consultants to conclude ongoing negotiations and wrap up the necessary documentation for the facility agreement and security documents. Supported by the legal advisor, the Fund Manager will ensure compliance with the Conditions Precedent (CP) fulfilment process, and subsequently, the legal advisor will provide a letter affirming CP satisfaction.

10.7.7 Execution and Disbursement

The Fund Manager notifies the investors of capital calls based on their commitments, and these funds are paid to the Fund's custody account. Subsequently, upon completion of the documentation phase, the Fund Manager issues clear instructions to the Custodian to disburse the requisite funds to designated projects, company, or borrower, in full adherence to the disbursement schedule as advised.

10.7.8 Management and Monitoring

The project company/borrower implements the construction of an asset/acquisition or refinancing. A technical report in line with the conditions listed in the financing documents is provided by the project company. The Investment Officer in charge of the portfolio monitoring reviews reports and notifies the Fund Manager if there are major deviations from expected timelines/outcomes. Fund Manager engages project company where there are significant issues.

The Investment Officer monitors the project's progress until it reaches its completion, marked by the issuance of the acceptance certificate from the sponsor.

After Implementation, the project company provides regular operational and financial performance reports, in accordance with the conditions set in the facility agreements. Within 6 months of commencing operations, the designated Investment Officer oversees the creation of a post-implementation report for the evaluation of the project's performance in relation to initial forecasts, aimed at extracting insights for future ventures.

This report undergoes scrutiny by the Fund Manager; in cases where substantial deviations from projected performance are observed, the Fund Manager collaborates with the project company to investigate underlying causes and devise necessary solutions.

The project company carries out scheduled debt service and distributions to the Fund's accounts as stipulated by the underlying facility agreements.

10.7.9 Exit and Distributions

Debt service payments, encompassing principal and interest, originating from the underlying projects will be the principal source for both exit opportunities and liquidity to fund investors. These accrued sums will be disbursed to investors on a bi-annual basis.

Should the Fund hold mezzanine positions, they will be liquidated in accordance with the stipulations set forth in the underlying financing agreements. The principal amounts and returns will similarly be distributed to investors on a bi-annual schedule.

Over an investment deployment period of up to 20 years, the Fund will actively seek out investment opportunities, prioritizing those that yield quick cash flows. This ensures that fund investors receive distributions as early as possible following capital calls. However, the Fund Manager may also explore the possibility of a memorandum listing of the Fund on a securities exchange post the deployment period where the fund can be traded OTC. This prospective listing holds the potential to facilitate the trading of holdings for Fund investors.

10.8 INVESTMENT RESTRICTION

The Fund shall not invest in:

- Any unlisted security of the Fund Manager or its associate or group company;
- Any listed security issued by way of private placement by the Fund Manager or its associate or group company;
- Any listed security of the Fund Manager or its associate or group company in respect of completed and revenue-generating projects of infrastructure companies or special purpose vehicles of the sponsor or its associate or group companies, in excess of 25% of the net assets of the scheme, subject to the approval of the Trustees and full disclosures to investors for investments made within the aforesaid limits;
- More than 25% of its net assets in money market instruments issued by a single issuer when it comes to such investments;
- The Fund's investments in loans or debt instruments of any single infrastructure company, project, or special purpose vehicle designed to facilitate or promote infrastructure investment will not exceed 30% of the Fund's total assets. However, this limit can be extended to up to 50% of the Fund's assets with prior approval from the Trustees, the Investment Committee, and the Board of the Fund Manager;
- More than 30% of its net assets in debt instruments of any single infrastructure company or project or special purpose vehicles which is created for the purpose of facilitating or promoting investment in infrastructure in respect of completed and revenue generating projects of any single infrastructure company or project or special purpose vehicle, which is rated below investment grade or unrated; 5 Provided that such investment limit may with good cause, be extended up to 50% of the net assets of the scheme, with the prior approval of the Trustees, the Fund's Investment Committee and the board of the Fund Manager as applicable; and
- Investment in Units of the Fund are restricted to the Target Investors.

10.9 TARGET RETURNS/ MARGINS

The target yield is expected to be 3% - 5% above the Fund's benchmark which shall be the Federal Government 10-year bond yield provided that the benchmark shall be the relevant benchmark for the Fund for a period of at least 5 years.

The Fund presents a distinctive avenue for attaining steady and reliable earnings through a collection of high-yield infrastructure investment possibilities that might remain inaccessible to institutional investors, either due to restricted access or regulatory limitations, and insufficient minimum investment requirements. This opportunity encompasses a range of potential benefits for investors.

10.10 CALCULATION OF THE NET ASSET VALUE

The Fund Manager shall compute and announce the NAV (and Nav per Unit) of the Fund on a semi-annual basis. The Fund's NAV will be computed using acceptable valuation methodologies based on the Trustees-approved principles.

The Net Asset Value and Net Asset Value per Unit will be calculated by the Fund Manager by adding the fair valuations of all investments held by the Fund and making any necessary adjustments that account for cash held by the Fund, accrued liabilities, expenses, prepayments, and any other creditors and debtors.

Along with the valuation, the Fund Manager's valuation factors, such as interest rates, inflation, GDP growth, and foreign exchange conversion rate, must be stated.

The Fund shall also hire an SEC-registered consultant to value the Fund's assets semi-annually or as required by applicable SEC requirements. The consultant must be replaced every three years as required by the SEC.

10.11 INCOME AND DISTRIBUTIONS

Subject to revenue realization, the Fund will attempt to distribute net income to Unitholders in accordance with existing regulations. The Fund Manager shall determine the Fund's revenue, net of expenses, to be distributed semi-annually in the best interests of the Unitholders. The Fund's distributions will be paid to all Unitholders as of the Qualification Date. Unitholders can choose to receive the distribution in their chosen account or reinvest it in the Fund.

10.12 DISTRIBUTION WATERFALL

The Fund shall make periodic distribution semi-annually based on the returns from underlying investments. The income generated by the Fund, in the form of coupon, interest payments on its loans and fees received from the underlying project borrowers, shall be distributed periodically to the Unitholders, after deducting the operating expenses of the Fund in accordance with the distribution waterfall.

The Fund will adopt a distribution waterfall methodology that ensures distributions are implemented as follows to the Fund Investors and the Fund Manager.

i. First, all fees and expenses of the Fund will be paid.

ii. Second, any unpaid preferred returns to investors will be paid.

iii. Third, the remaining profits will be split between the investors and the fund manager in accordance with the carried interest if applicable and the Incentive Fee of 20% of the Fund's net profits, subject to a target rate of return.

10.13 ISSUANCE OF UNITS

Following the substantial investment of net proceeds from the Initial Offer in infrastructure investments, the Fund Manager reserves the right to issue new Units in the Fund through subsequent series under the programme. The Fund Manager shall set the number and price of units offered in each series issued from time to time.

Any subsequent series is subject to the applicable SEC Rules and Regulations. When a subsequent series is launched, the Fund Manager must amend the Shelf Prospectus where applicable. Under this Shelf Prospectus, the maximum number of Units that can be issued is 2,000,000,000.

Any new Units offered for subscription through any other series shall rank equally with the existing Units in all respects, apart from the Distribution to be paid by the Fund immediately following the issuing of the new Units. The new Units will be able to participate in such Distribution on a pro-rata basis for the duration of their issue.

10.14 BUY BACK OF UNITS

At the request of the Fund Manager, the Trustee shall approve the buyback of Units from Unitholders. The maximum number of Units that can be bought back is restricted to 20% of the aggregate issued Units, during the life of the Fund.

The maximum price for the buyback including any applicable brokerage or commission, shall not exceed the latest available Net Asset Value per Unit of the Fund. The buyback notice shall also specify the other terms of the buyback including maximum number of units to be bought back and the other conditions under which such buyback is to be affected, including the timeframe for execution of the buyback.

10.15 UNIT STATEMENTS

Unitholders will receive Unit Statements, which will serve as proof of title to the number of Units listed on such statements.

10.16 FEES AND OTHER EXPENSES

Fund Manager	The Fund Manager will charge management fees (the "Management Fee"), which shall be determined by each series or tranche. The Management Fee shall be no more than 2% annually of the assets managed by the Fund Manager (including committed and cash amounts distributed).
Custodian	An annual fee, the percentage of which is defined by each Series or Tranche, that is accruable daily and payable semi-annually in arrears.
Trustee	An annual fee, the percentage of which is defined by each Series or Tranche, that is accruable daily and payable semi-annually in arrears.
Due diligence costs	Third-party due diligence charges and expenses for projects being reviewed for financing by the Fund will be charged to the Fund based on actual amounts incurred, if not reimbursed by the borrower.
Others	The Fund will also bear the costs and expenditures associated with its operation and administration, such as auditing, valuation, reporting, listing, transferring Units, and paying Distributions to Unitholders. Legal fees, brokerage, stamp duty, and other taxes will also be borne by the Fund. The Fund will also cover the costs of organizing meetings of Unitholders and the Fund's Advisory Board.
Incentive Fee	The Fund Manager may charge an incentive fee if the Fund beats the applicable target rate of return for any Series or Tranche issued under the Programme. The incentive fee will be charged on total annualized returns in excess of the applicable target rate of return, up to a maximum of 20% of the excess returns. The annual management fee and incentive fee (if applicable) for each Series or Tranche must be disclosed in the Supplementary Prospectus.
Total expense ratio	The total expenses of any Series or Tranche under the Fund shall not exceed 3.5% of the Series or Tranche's Net Asset Value every year.
Offer Related Expenses	The costs, charges and expenses incidental to an Offer including fees payable to SEC Issuing House, solicitors, brokerage, printing, and distribution expenses, is capped at a maximum of 1.65% of the gross proceeds of the relevant Offer. The costs will be borne by the Fund and will be offset from the proceeds of the relevant Offer.

10.17 BORROWING POLICY

Borrowings may be used by the Fund for financing operating expenditures, making new investments, or financing the buyback of its Units. At any moment in time, the Fund's borrowings shall not exceed 25% of its Net Asset Value. The duration of any borrowing shall not exceed 12 months, by which time the accrued interest and amortised principal of the loan must have been repaid through income received by the Fund, repayments on underlying loan assets, or the issuance of additional Units, if necessary.

10.18 AUDIT AND REPORTING

The auditor for the Fund shall be appointed by the Fund Manager upon consultation with the Trustees, in accordance with the current SEC Rules and Regulations.

The Fund must be audited on an annual basis, and the audited financial statements must be filed with the SEC within three months of the Fund's fiscal year-end. Following SEC approval of financial statements, the Fund's annual report or an abridged summary thereof shall be emailed to Unitholders at their registered email address and made available on the Fund Manager's website. The Fund Manager's website will provide a copy of the Fund's annual report.

The Fund Manager must also provide quarterly reports on the Fund's operations to the Trustees and the SEC as required by SEC Rules and Regulations. The Fund Manager must also take steps to ensure that the Fund's quarterly reports are published on its website. Such quarterly reports must be issued within one month of the end of the fiscal term to which they pertain.

10.19 CONFLICT OF INTEREST AND RELATED-PARTY TRANSACTION

The Fund Manager shall make every effort to ensure that circumstances that create conflicts of interest between the Fund and the Fund Manager, its associates, or group companies performing financial, investment, or other professional activities, including the allocation of investment opportunities to different clients, are satisfactorily resolved. Any such conflict shall be fully disclosed to the Trustees, subject to applicable requirements.

The Fund shall not enter any related party transaction without first consulting with the Trustee then obtaining approval from the Advisory Board, and a fairness opinion or third-party audit or evaluation in respect of such transactions from a duly qualified independent adviser may be provided at the request of the Advisory Board and the Trustee.

10.20 REPLACEMENT OF KEY PERSONS

The Fund Manager shall provide 90 (ninety) days' notice to the Trustee prior to replacing any Key Persons. The replacement Key Persons shall have substantially similar professional experience to the Key Person they seek to replace.

10.21 REMOVAL OF THE FUND MANAGER

The Fund Manager may be removed by the Trustee by written notice, subject to SEC requirements and approval, if:

- the SEC withdraws or revokes the Fund Manager's certificate of registration as a capital market operator; or
- The trustee certifies that the Fund Manager was fraudulent or engaged with unacceptable conduct or recklessness in the Fund's management; or
- the Fund Manager voluntarily resigns; or
- unitholders representing more than 75% of outstanding Units submit a written request to the Trustee for the removal of the Fund Manager; or
- the Fund Manager is in the process of being liquidated or a receiver has been appointed to take over its affairs.

On removal of the Fund Manager, subject to provisions of the ISA, the Trustees shall, with the approval of SEC, select a substitute fund manager who can demonstrate the appropriate track record and experience for the management of the Fund.

11. INFORMATION ON THE FUND MANAGER AND TRUSTEE

11.1 THE FUND MANAGER

11.1.1 PROFILE

FSDH Asset Management is a wholly owned subsidiary of FSDH Holding Company Limited and a leading asset management and financial advisory firm in Nigeria. The company started off as the asset management department of FSDH Merchant Bank Limited in 1997 and in 2001, morphed into FSDH Asset Management a fully-fledged, stand-alone Company. The Fund manager was registered with the SEC in 2003.

FSDH Asset Management consists of a team of experienced fund managers with a breadth of strong performing products across multiple asset classes, easily accessible to individuals and institutions. FSDH Asset Management registered with the Securities and Exchange Commission as a Portfolio Manager and a Corporate Investment Adviser and is versatile in financial transactions and investment strategies that meet the needs of investors in an emerging economy like Nigeria.

FSDH Asset Management offers its clients a range of products and services which includes 5 collective investment schemes and 15 privately managed funds all registered with the SEC. FSDH Asset Management employs strategies which are dedicated to preserving investors' wealth while maximizing the value that they receive. The company is positioned to build wealth for clients across all economic classes and are the trusted partner in growing wealth. FSDH Asset Management services are provided to both institutional and private investors. Assets managed and funds administered on behalf of third parties include:

	2023 (₦'000)	2022 (₦'000)	2021 (₦'000)
Mutual Funds Under Management	21,957,950,124.75	14,634,254.28	12,657,136.32
Portfolio Managed Account	88,554,454,332.21	49,682,340.47	41,320,938.87
Total Asset Under Management	110,512,404,456.96	64,316,594.75	53,978,075.18

FSDH Asset Management has operated for a long time in the Nigerian financial services space and has established itself as a highly trusted asset manager and has established strategic partnerships with its clients ranging from retail, ultra, and high net-worth individuals and institutional investors. This positions FSDH Asset Management to fully understand the and technical requirements to develop products and services that deliver high returns while efficiently managing all associated risk.

11.1.2 BOARD OF DIRECTORS

Folashade Laoye – Chairman

Mrs. Folashade Laoye is a graduate of the University of Lagos (BSc Accounting, 1990) and qualified as an Associate member of the Institute of Chartered Accountants of England and Wales in 1995 and the Institute of Chartered Accountants of Nigeria in 1997. She trained with Coopers & Lybrand, UK (now PricewaterhouseCoopers) from 1991 to 1995 and worked with the Corporate Finance Unit of First Securities Discount House ("FSDH") from 1995 to 1997. She holds a Master of Business Administration from Harvard Business School.

She also served as Board Member at Lagoon Hospitals. She was also the Founder and CEO of Health Markets Africa, a healthcare advisory and investment company, and was Director at Investment Fund for Health in Africa (IFHA), a pioneer private equity fund focused on Healthcare in Africa. She is a founding board member of Hygeia Group Nigeria and a promoter of Hygeia HMO and Lagoon Hospital where she held various leadership roles over 18 years including CEO (2002-201. She is currently the Co-Founder/CEO of IWOSAN Investments Limited which focuses of financing the health sector in Nigeria.

Her philanthropic roles include being Chair of the Elebute-LUTH Welfare Board, a member of the Harvard Business School Africa Advisory Board and she is also a member of the Africa Regional Board of the Young Presidents Organization (YPO).

Toyin Owolabi - Managing Director

Mr. Owolabi has over 20 years of banking experience and prior to his appointment as Chief Executive Officer of FSDH Asset Management, He served as the Group Head Prestige Banking and Financial Institutions, at FSDH Merchant Bank Plc responsible for developing and managing the relationship with all non-bank financial institutions and other institutional clients.

Before joining FSDH, he worked at FCMB and at different times oversaw Financial Institutions, Correspondent Banking and Structured Funding. He was also the Head of treasury at IMB international Bank.

Toyin is also a non-executive director of FSDH Capital Limited.

Mr. Owolabi's educational background includes a bachelor's degree in Agriculture from the University of Ilorin in 1992 and an MBA from Business School, Netherlands. He has attended numerous local and international courses.

Folashade Ogunde - Non-Executive Director

Mrs. Folashade Ogunde graduated with a B.Sc. (Hons) degree in Economics from the University of Ife (1984) (now Obafemi Awolowo University, Ile-Ife). She is a Fellow of the Institute of Chartered Accountants of Nigeria (ICAN), and an associate member of the International Facility Management Association (IFMA). She is an Alumna of several general management and real estate courses from institutions such as Ashridge Management School, Cranfield University, Harvard Business School, and International Management Development (IMD) Institute.

She started her professional career with the firm of Deloitte Haskins & Sells (Chartered Accountants), where she gained accounting and audit experience, and had a stint in Treasury Management at Bancroll Savings & Loans Limited (1993 to 1995) and International Funding Group (Nig.) Limited (1991 to 1992) before joining UAC of Nigeria Plc in 1997. She has held such positions as Management Accountant, UAC Foods; Divisional Commercial Director, Mr. Bigg's (now UAC Restaurants), Group Treasurer, UAC of Nigeria Plc and Executive Director, Finance at UACN Property and Development Company.

Mrs. Ogunde serves on other corporate boards including First World Communities Limited, RT Briscoe, Briscoe Properties, and the International Crops Research Institute for the Semi-Arid Tropics (ICRISAT), headquartered in Patancheru India.

Yasmin Belo-Osagie - Non-Executive Director

Yasmin Belo-Osagie attended Princeton University where she graduated cum laude in History (major) and Finance (minor) in 2011. She attended Le Cordon Bleu (a hospitality education institution), in Paris and London. She studied at Harvard Law School and at Stanford Graduate School of Business, graduating with a JD/MBA in 2019.

After her graduation from Princeton, Ms. Belo-Osagie worked with McKinsey & Company as a business analyst where she focused on developing multi-year growth strategies for large organizations till 2013. While at McKinsey & Company, she met Afua Osei with whom she co-founded She Leads Africa. a platform that gives women the community, information and inspiration they need to live the lives of their dreams.

She is also a Partner at Metis Capital.

Kelechi Okoro - Non-Executive Director

Mr. Kelechi Okoro was previously at Argentil Capital Partners where he originated and executed infrastructure transactions. Prior to Argentil, he worked with the Infrastructure and Natural Resources Group of the International Finance Corporation (IFC), and at ARM Investment Managers.

He holds a Bachelor's in Human Physiology from the University of Ibadan (2007), and an M.B.A. from Lagos Business School.

Mr. Okoro serves as a non-executive director at NEM Insurance while he serves full time as a Director at AFIG Funds. Where he is responsible for sourcing, executing and managing investments for the funds under management.

Wambui Kinya – Non-Executive Director

Wambui Kinya has over 20 years of experience in the professional services (digital, mobile marketing, and technology consulting) industry, aligning business and technology strategies, and building and leading technology organizations to deliver cutting-edge digital solutions. She currently serves as Regional Managing Director, EMEA for Elephant Ventures, a technology innovation professional services and venture firm. Prior to Elephant Ventures, she was Chief Strategy Officer and later, Vice President of Client Engineering at Andela. While serving as CSO at Andela, she initiated a capacity-building partnership between Andela and technology companies, Google, Facebook, and Microsoft, which has raised over $1 million and has successfully trained 80,000 software developers across 50 African countries. She was formerly Group Managing Director, Pan Africa, and South America, for global technology consulting firm ThoughtWorks, and has held positions with Praekelt Consulting, IBM Global Business Services and Digitas (Publicis Groupe). In addition to serving on Medic's Board. She is a graduate of Economics Computer Science from the Principia College, Elsah, IL, USA in the year 1998. She is currently a non-executive board member of Mozilla Foundation. Based in Nairobi, Wambui is Medic's first Kenya-based Board member.

Bukola Smith - Non-Executive Director

Bukola Smith has over 29 years of progressive experience in the banking industry with a track record of strategic execution and leadership. She holds an MBA from Alliance Manchester Business School, University of Manchester, United Kingdom, and a B.Sc. in Economics from the University of Lagos (1990). She is a Fellow of the Institute of Chartered Accounts of Nigeria (ICAN), Honorary Member of the Chartered Institute of Bankers and an Associate Member, Certified Institute of Pensions (Nigeria). She currently serves as the Managing Director of FSDH Merchant Bank Limited. Before joining FSDH Merchant Bank Limited in 2021, she was the Executive Director, Business Development at First City Monument Bank and held several other leadership positions within the bank. She also worked with FSB International Bank from 1992 to 2000 and Fidelity Bank Plc from 2000 to 2006. She currently sits on the boards of Women in Successful Careers (WISCAR), and the Toyin Oni Foundation (NGO for cancer awareness). She serves as a mentor to several young women within and outside these networks.

Nike Ogunjimi – Non-Executive Director

Nike is a finance professional with over 18 years of experience in investment management, financial advisory and commercial banking. Over the span of her career, she has worked at several leading firms in the Nigeria financial services industry. She is currently a Director at Kuramo Capital Management where she focuses on investment management and investor relations activities. Prior to Kuramo, Nike was part of the Client Solutions team at Standard Chartered Bank Nigeria and provided financial advisory solutions to the bank's local blue-chip clients.

She also worked at Afrinvest Limited and, as a senior member of the Investment Banking team, she led the execution of numerous headline M&A mandates for notable Nigerian companies. She was a member of the firm's Management Team and had oversight responsibility for the Finance unit, alongside her investment banking duties.

Nike has also worked at ARM Investment Managers where, as part of the Investment Management team, she was responsible for covering various sectors on the Nigerian Stock Exchange as well as international financial markets. She holds a BSc. Insurance from University of Lagos, Nigeria (1999) and an MSc. Finance from University of Leicester, UK.

11.1.3 PRINCIPAL OFFICERS OF FUND MANAGER

The management of FSDH Asset Management is led by Toyin Owolabi and supported by the following principal officers:

Toyin Owolabi - detailed profile provided above.

Margaret Agbonlahor - Head of Sales

Margaret Agbonlahor joined the FSDH Asset Management team in 2020 as the Head of Sales, where she drives the various market segments; HNIs, Institutions and Retail. She has over 20 years of banking experience, with expertise in Sales, Business Development, Marketing and Portfolio Management. She is also an approved Corporate Client adviser.

Before she joined FSDH, Margaret was a Team Lead for Core Banking Finacle Software Application change at Infosys, Bangalore India. She has garnered a deep understanding of the Fixed Income, Money Market and Equities Market, and attended several courses on Wealth and Portfolio Management.

She holds a BSc. in Business Administration from the University of Benin and an MBA from the University of Lagos.

Funmilayo Olutebo - (Chief Financial Officer)

Funmilayo is the Chief Financial Officer at FSDH Asset Management, where she acts as a strategic business partner for creating value and executing the firm's financial strategies. Before joining FSDH AM, Funmilayo started her career with Integrated Software Services Limited where she gained extensive knowledge for driving the efficiency of business with technology and financial solutions.

Shortly after, she joined Chapel Hill Denham as an Investment Officer where she rose through the ranks to become an Assistant Vice President, finance and operations supporting the Investment Management, Securities Trading, Investment Banking and Trusteeship businesses.

She holds a BSc in Applied Accounting and Accounting from Oxford Brookes University, Glasgow, United Kingdom and Babcock University, Ilishan Remo, Nigeria respectively. She is a Fellow of the Association of Chartered Certified Accountants (ACCA), Member of the Institute of Chartered Accountants of Nigeria (ICAN) and Chartered Institute of Taxation of Nigeria (CITN).

Taofik Oyeniyi - (Chief Investment Officer)

Taofik Oyeniyi is the Chief Investment Officer at FSDH Asset Management. He has over 25 years of experience in the financial services industry across Treasury/Money market activities, Funds management, Balance Sheet and Liquidity Management, Business Development, Credit Analysis, and Structuring.

He started his Banking career in 1997 as an Executive Trainee at Equity Bank after a brief stint as an investment Officer at Compass Finance and Investment. He grew to the position of Chief Dealer before joining Intercontinental Bank as a Regional Head of Treasury in the Treasury and Investment Banking Division. In 2005. He joined Skye High Financial Services in 2010 as an Executive Partner and Division Head of Treasury and Funds Management. He worked in this capacity up until joining TAJ Bank as the Treasurer and Divisional Head of Treasury and Investment in 2019. He joined Radix Pension Managers in 2021 as the Divisional Head of Investment and Treasury. He was responsible at Radix for formulating the overall Investment strategy for all funds managed, supervising Portfolio Managers in various investment activities, and ensuring funds are invested in line asset allocation.

Taofik is a graduate of Business Administration and a holder of MBA (Finance Major) degree from Obafemi Awolowo University, Ile-Ife. He is a Chartered Accountant (ACA), an Associate Member of the Chartered Institute of Bankers of Nigeria (CIBN), and a CFA Chartered Holder.

Chinedu Nnadi (Head, Operations)

Chinedu Nnadi holds a Bachelor of Science degree in Statistics from Nnamdi Azikiwe University, Awka, Anambra State.

Chinedu is an Operations Specialist spanning over 17 years beginning from Union Systems Limited where he worked as the Systems Support/Analyst before joining the Operations Unit of Asset & Resource Management Co. Ltd (ARM Investment Managers).

He later joined Nova Asset Management Limited (NOVAMBL) as the Team Lead, Capital Market Operations where He was responsible for setting up of the Operations unit from the onset, from there, he joined FSDH Asset Management where he currently serves as the Head of Operations.

Adedayo Bello (Head, Compliance)

Adedayo joined FSDH Asset Management's team in 2021 as the Chief Compliance officer, where he coordinates all the regulatory and statutory Compliance of the Company. Prior to joining FSDH Asset Management, he has worked with notable Financial Institutions within the Capital market. He was Head of Compliance at AIICO Capital Limited and equally functioned as Internal Control Officer, Acting Team Lead, Investment/Treasury Operations, and member of a Reconciliation Team in the same organization.

He commenced his Financial Institution career at United Capital Securities Limited, a subsidiary of United Capital PLC (Formerly UBA Capital) where he worked in various units like Operations, Reconciliation & Resolutions, and Business Development departments.

Adedayo holds a B.Sc. in Geology from the University of Ado-Ekiti and a Master's degree in Exploration Geophysics from the Federal University of Technology, Akure. He is an accredited Compliance Officer with the SEC as a Sponsored Individual.

11.1.4 ADVISORY BOARD FOR THE FUND

The Fund Manager shall form the Advisory Board, which comprises of 5 members which includes one representative of the Trustees and four (4) representative investors.

The Advisory Board will be established within three months of the Initial Offer's close, and members will be appointed.

The following are the Advisory Board's terms of reference:

- Review and approval of all related party transactions to be entered into by the Fund;
- Review the Fund's compliance with its Investment Objectives as well as Investment Guidelines and Policies;
- Handle all conflicts of interest related to the fund; and
- Consider any other matters referred to it by the Fund Manager, the Trustees, or the Investment Committee.

11.1.5 INVESTMENT COMMITTEE FOR THE FUND

The Investment Committee's primary responsibility will be to set appropriate policies, review and assess processes and controls, which would guide investment proposals by the Fund Manager. The Investment Committee will meet at least once each quarter.

The Investment Committee will be responsible for:

- Taking decisions on cash allocations for investment purposes;
- Reviewing the Investment Policy and strategies of the fund manager;
- Referring all conflicts of interest and related matters to the Advisory Board;
- Approving investment proposals;
- Review of the Fund's compliance with its investment objectives;
- Reviewing the Fund Manager's investment decisions and ratification of such decisions as it deems appropriate;
- Supervising the activities of the fund manager and the investment performance of the Fund's assets and investments; and
- Ensuring funds are fully invested or otherwise invested to maximize return.
- Meeting at least quarterly; where required, they may meet more frequently to review or approve transactions.

The members of the Fund's Investment Committee collectively have over 115 years of experience in financing, credit, asset management, structuring, and approving of senior and subordinated debt financing for infrastructure in emerging and frontier markets.

The Investment Committee comprise of the following distinguished professionals:

Suleiman Ibrahim, PH.D. (CEO of the Fund)

Dr. Ibrahim is currently the Director & Lead of the Capital Project and Infrastructure team (West Market Area) PwC. He has worked in this industry for 18 years and counting. His team's expertise covers areas across Nigeria, Ghana, Liberia and Sierra Leone. Dr. Ibrahim also served as the Head of Infrastructure development, Consultancy and PPP Advisory in Catamaran Nigeria Limited. A role he held in 2011. With his time in the industry, there exists a wealth of knowledge to draw upon. He has filled in a role as an operations and audit manager as well. This was between the years of 2013 and 2016. He hones skills in fund management as well as infrastructure development.

Aisha Bako (Independent Member)

Aisha is the MD/CEO of Onyx Investment Advisory Limited and is currently an investment promotion and private sector development expert with over 23 years of experience under her belt. Aisha is involved in projects that will catalyse economic growth and create investment opportunities in Nigeria. Aisha had also successfully executed investment summits, attracting significant private sector investments, thus aiding strong economic development.

Aisha worked as a Business Development and Advisory Consultant for the International Finance Corporation (IFC) where she was involved in identifying and assessing investment opportunities in northern Nigeria, conducting due diligence on potential investments, and supporting the development of a more business-focused microfinance industry. This includes creating investment intelligence databases, coordinating with stakeholders, interacting with investment officers, and exploring policy implications for financial access in fragile and conflict-affected areas.

Aisha worked as an Investment Promotion Advisor and Consultant for the now defunct United Kingdom's Government Department for International Development (DFID) where she was involved in Identifying, assessing, and supporting investments in northern Nigeria.
Aisha also has a strong academic background and possesses strong advanced qualifications such as an MSc in financial economics, which she obtained in the Nigerian Defence Academy.

Patrick Mgbenwelu (Independent Member)

Patrick is a consummate investment banker with almost 30 years of experience. In 2020, he was distinguished as Investment Banker of the year in Nigeria. A title awarded to him in the light of his exceptional contributions in the 8th Businessday Banks' and other Financial Institutions' (BAFI) Awards.

Currently, he serves as the head of Investment Banking in FBNQuest Merchant Bank. Over the years he has spent in the industry, Patrick Mgbenwelu has cultivated a myriad of skills and competencies encompassing deal structuring, execution, analytical, negotiation and managerial expertise. Skills which were honed during his tenure in multiple high level positions. Patrick also served as Director, Head Project Finance, General Manager and Head, Budget and Structured Finance in Stanbic IBTC.

Toyin Owolabi (Representative of the Fund Manager)

(Profile provided above)

Taofik Lanre Oyeniyi (Representative of the Fund Manager)

(Profile provided above)

11.1.6 **FINANCIAL SUMMARY OF THE FUND MANAGER**

Excerpt of Statement of Comprehensive Income

	2019	2020	2021	2022	2023
	₦'000	₦'000	₦'000	₦'000	₦'000
Profit/Loss Before Tax	324,973	382,379	(3,220,898)	127,244	1,154,183
Taxation	(15,340)	(82,148)	(1,739)	1,218	(20,462)
Profit/Loss After Tax	309,633	300,231	(3,222,637)	128,462	1,133,721
Earnings Per Share(Kobo)	155	150	150	8	42

Balance Sheet

	2019	2020	2021	2022	2023
Assets	₦'000	₦'000	₦'000	₦'000	₦'000
Cash and Cash equivalents	808,364	542,117	609,986	635,150	1,060,878
Financial Instruments Measured Through Profit or Loss	472,877	293,195	2,326,382	1,777,717	1,004,204
Loans and Advances To Employees at Amortized Costs	8,387	7,751	27,677	7,170	4,450
Investment Securities	506,127	538,205	1,056,148	1,384,887	869,478
Right-of-use Assets	-	9,595	4,798	8,695	4,371
Other Assets	189,717	310,858	105,472	143,417	220,172
Intangible Assets	5,820	27,323	24,619	35,853	12,386
Property and Equipment	960	61,048	44,495	50,074	69,644
Total Assets	1,992,252	1,790,092	4,199,577	4,042,963	3,245,583
Liabilities					
Current income tax liability	132,055	183,859	185,214	198,615	205,622
Other liabilities	579,984	256,495	6,194,272	3,443,123	1,477,521
Deferred tax liability	-	30,344	30,344	22,572	8,719
Lease liabilities	-	4,591	5,149	8,695	5,755
Total Liabilities	712,039	475,289	6,414,979	3,673,005	1,697,617
Net Assets	1,280,213	1,314,803	-2,215,402	369,958.00	1,547,966
Financed by: Share capital	200,000	200,000	200,000	2,700,000	2,700,000
Retained eamings	1,056,522	1,078,753	(2,353,883)	(2,232,268)	(1,098,547)
FVOCI reserve	23,691	36,050	(61,519)	(97,774)	(53,487)
Total Equity	1,280,213	1,314,803	(2,215,402)	369,948	1,547,966
Total Equity and Liabilities	1,992,252	1,790,092	4,199,577	4,042,963	3,245,583

11.2 THE TRUSTEE

11.2.1 PROFILE

UTL Trust Management Services Limited has been in business for over five (5) decades. The company was incorporated in 1966 and was licensed by the Securities & Exchange Commission in 1992 as Trustees and Funds/Portfolio Managers with an excellent record of service delivery.

UTL Trust Management Services Limited is a leading Trust Company in Nigeria and has over the past five decades, built an outstanding track record and pedigree as a capital market operator and more significantly as a player in the trusteeship industry.

Our mission is to provide unique trust services to our clients on a platform of integrity, expertise and technology. At UTL Trustees, we thoroughly evaluate our clients' specific needs and create customized Trust solutions to fulfil those needs.

We develop personal and long-term relationships with our clients to understand their needs and provide them with unparalleled service.

11.2.2 BOARD OF DIRECTORS

Dr. Shamsudden Usman CON, OFR – Chairman

Dr. Usman is a Nigerian economist and banker. He is currently the CEO of SUSMAN & Associates, an economic, financial and management consulting firm headquartered in Nigeria. He was the Minister of National Planning of Nigeria (January 2009 to September 2013) and Finance Minister of Nigeria (June 2007 to January 2009).

Dr. Usman has had a varied working experience, including serving as MD/CEO, NAL Merchant Bank and Deputy Governor, Central Bank of Nigeria. He was appointed a Director of the Company on 09 March, 2015.

Dr. Abiodun Adedipe – Director

Dr. 'Biodun Adedipe, accomplished trainer in the Nigerian Banking & finance industry and in nonfinancial organizations, is a highly sought-after analyst and has been a commentator on government budgets and economic policies for about 30 years. In addition to a B.Sc. in Economics (First Class) and a Ph.D. in Economics (where he specialized in Corporate Finance), he has over 40 years of post-graduate work experience under his belt.

He served on the Presidential Committee of Experts on the Redenomination of the Naira in November 2008, as well as on a Federal Government Committee of Experts to review and advice on the persistent problem of bloated Recurrent Expenditure during October 2010 to March 2011.He was the Senior Special Assistant to the President (Financial Sector Development), deployed to serve in the Office of the Chief Economic Adviser to the President during March to May 2011.

Dr. Akeem Lawal – Director

Mr. Akeem Lawal, a pioneering member of the Interswitch management team, is the current Divisional Chief Executive officer of Payments Infrastructure and Processing for the Interswitch Group, Africa's leading switching and payments processing company. He holds a B.Sc. in Electrical/Electronics Engineering (First Class, with Honours) from the University of Benin and an MBA from the Lagos Business School, Pan- Atlantic University.

He has over 27 years of experience in the implementation and management of projects in the Financial Services sector, Information and Communications Technology, and the Oil and Gas industry. He is an Archbishop Desmond Tutu Fellow of the African Leadership Institute, an Associate Member of the Institution of Electrical Engineers (IEE), and a Member of the Institute of Electrical and Electronics Engineers (IEEE).

Olufunke Aiyepola (Mrs) – Managing Director/CE

She is the MD/CE of UTL Trust Management Services Limited. She studied Law at the University of Ife (now Obafemi Awolowo University) before proceeding to the Nigerian Law School. She holds an MBA from the Pan African University and has over thirty (30) years of Banking/Trusteeship experience, having worked in the Legal Department of Union Bank of Nigeria Plc. and as Head of Trust services, Union Trustees Ltd.

She was a Director of UBN Insurance Brokers Limited, EX OFFICIO of the Association of Corporate Trustees and is a Council Member of the Association of Investment Advisers and Portfolio Managers.

11.2.3 MANAGEMENT TEAM

Olufunke Aiyepola (Managing Director/CE) - detailed profile provided above.

Olaide Omotoro (Head, Corporate Services/CFO)

Olaide is a highly-skilled, creative and growth-oriented professional with exceptional multi-tasking and learning skills. She has over 19 (Nineteen) years of cognate and broad professional experience spanning various functions such as Audit & Internal Control, Financial Management, Treasury and Tax Management in diverse establishments.

Prior to joining UTL, she was the Group Executive- Integration at Greenwich Trust Limited (Investment Bank) and had functioned in GTL Registrars Ltd (Formerly Union Registrars Ltd, a Subsidiary of Union Bank of Nigeria) as the Divisional Head of finance & Management Services/Group CFO.

Olaide has a B.Sc. in Accounting from Ogun State University (now Olabisi Onabanjo University) and an MBA from the University of Lagos. She is a Fellow of the Chartered Institute of Accountants of Nigeria (ICAN), an Associate Member of the Chartered Institute of Taxation (CITN), an Associate Member of the Chartered Institute of Stockbrokers (CIS) and an Associate Member of the Chartered Institute of Securities & Investments (UK)- CISI. She is versed in International Trust Management and is a certified member of the Society of Trust and Estate Practitioners, UK (STEP).

She has attended various local and international professional courses, including Stern School of Business (NYU). She is a registered "Sponsored Individual" in the Nigerian Capital Market.

Tewogboye Jegede (Head, Trust & Legal Services)

Tewo Jegede was called to the Nigerian Bar in January 2001 after she obtained her LLB degree from the University of Ilorin, Kwara State in 1999. She started her work experience at First Bank of Nigeria Plc as an NYSC staff. She later commenced her post-NYSC working experience as Company Secretary/Legal Adviser at Flying Eagle Shipping Company Limited in 2002. Subsequently, she worked in various law firms as Associate Counsel before joining the Lagos State Judicial Service Commission in 2005 as a Research Personnel under the auspices of a British Council/DFID initiative in collaboration with the Ministry of Justice, Lagos State. She was formally trained in Court Administration by Ijeoma & Associates, an indigenous training outfit based in New Jersey, USA.

She has held many positions including, Company Secretary/Legal Adviser, Head of Legal Services with oversight responsibility for corporate governance. She was Group Head, Corporate Services with responsibilities for Legal Services & Company Secretariat at FBN Mortgages Limited, an erstwhile Primary Mortgage Bank in Nigeria. Prior to joining UTL, Tewo Jegede was Senior Legal Adviser at Dangote Sugar Plc. She became a certified IFC/ICSAN.

Trainer on corporate governance in 2017. She is a member of the Nigerian Bar Association and an Associate of the Institute. In her quest to break new frontiers, Tewo Jegede proceeded to the prestigious
Harvard University for acquisition of skills in business negotiations. Her training at the Harvard Law School has bolstered her proficiency in business negotiations/dispute resolution. She also has a certificate in Employee Relations Law from the Institute of Applied Management & Law, California USA.

12. RISK FACTORS

There are several risks associated with investing in the Fund. The Fund's performance and investor capital repayment could be impacted by these risk factors. There are a lot of risk factors that are beyond the control and mitigation of the Trustee and the Fund Manager. The Fund's investors ought to be prepared to put up with a high level of volatility in the Unit price and the possibility of significant losses.

Only those risks which the Fund Manager considers to be material and are currently known to the Fund Manager have been included below. Additional risks and uncertainties not currently known to the Fund Manager, or that the Fund Manager deems to be not material, may also have an adverse effect on the performance of the Fund.

No assurance can be given that the Unitholders will realize a profit or will avoid a loss on their investment. Investment in the Fund is suitable only for persons who can bear the economic risk of a substantial or entire loss of their investment and who can accept that there may be limited liquidity in the Units.

This list is non-exhaustive, hence, prospective investors ought to allude to, and cautiously consider the risks described below and the information contained elsewhere in this Prospectus, which may describe additional risks associated with the Fund.

12.1 RISKS RELATING TO ECONOMIC, POLITICAL AND REGULATORY DEVELOPMENTS IN NIGERIA

Changes in the political landscape, changes in the legal system, and adjustments to market conditions can all have an impact on the performance of the Fund.

Market and economic risks

Nigeria's economy is still largely import-dependent, consumption-driven, and undiversified. The economy, government finances, and foreign exchange of the nation are all dependent on oil. In contrast to the manufacturing sector, which accounts for less than 1% of total exports, oil accounts for more than 90% of exports and foreign exchange earnings. Any further drop in oil prices could further tighten Nigeria's fiscal and macroeconomic conditions, forcing the government to implement a contractionary policy regime that is likely to have a negative effect on the country's business climate.

The Fund Manager's investment returns and the value of the Fund's holdings may be affected by various factors, some of which are beyond their control. The Fund's investment performance is influenced by various factors, including economic conditions, market shifts, interest rate fluctuations, and financing availability. Changes in governmental laws, regulations, and compliance costs also play a role.

In addition, operational expenses and the potential impact of unforeseen events like civil unrest, acts of war, terrorism, and natural disasters, including pandemics and floods, must be considered. Such events can lead to uninsured or underinsured losses for the underlying investments, requiring careful management to achieve favourable outcomes for investors.

A general economic recession could have a negative impact on the Fund's performance. The asset values of the Fund investments may decrease in a recessionary environment. As a result, the Fund's non-performing investments are likely to grow, and their value may decline during these times. Insolvencies of investee companies, defaults, and losses typically increase during recessions or slowdowns in the economy. Any extended period of higher default rates, delinquencies, or losses may negatively impact the Fund's ability to continue financing loans in the future.

The current administration is nonetheless steadfast in its commitment to economic reforms designed to diversify Nigeria's economy, boost macroeconomic stability, and support a market-driven private sector.

Inflation risk

A change in the rate of inflation could mean that returns from an investment differ from those predicted by the Fund Manager, depending on the inflation assumptions relating to anticipated cashflows from an investment and how asset revenue is calculated in relation to such investment. Given that the Fund may invest in financial instruments domiciled in several countries, there have been instances lately where certain countries have experienced inflationary pressures. The general market environment and the securities markets in some economies have been negatively impacted by inflation and the erratic changes in inflation rates, and this trend will likely continue. There can be no guarantee that inflation won't escalate into a significant issue in the future and impart the Fund's returns.

Interest rate risk

Given that the Fund may invest in securities such as bonds, and other debt instruments which may be offered at fixed interest, such securities may vary inversely with changes in the current interest rates, making them subject to price fluctuations. In other words, where interest rates rise, prices of fixed-rate securities fall and when interest rates drop, the prices increase. There is a possibility that market interest rates will rise by becoming significantly higher than the yield on investments like bonds, which would decrease market value. The value of the securities in the portfolio and, inevitably, the performance of the Fund, are inversely correlated with changes in short-term and long-term interest rates, depending on the structure of the Fund's portfolio.

Currency risk

This risk, also known as exchange risk, develops when the value of one currency varies in relation to another. Exchange rates may significantly fluctuate due to the devaluation of the Naira, being the specified currency for the Fund or the revaluation of an investor's currency. And the risk also involves such that authorities with jurisdictions over the investor's currency may impose or modify exchange controls. The Fund might well make investments, some of which may have a foreign currency component. Investors should be aware that any gains or losses resulting from changes in the applicable exchange rates could thus further boost or lower the returns on investments in the Fund. Exchange rates are subject to quick and unpredictable change, making it challenging for the Fund to reduce its exposure to a particular currency in time to prevent losses.

The current administration has taken steps in the right direction to strengthen the Naira by unifying the multiple exchange rates in June 2023.

Political and regulatory risk

This includes potential changes in the political climate, a change in the government, government interference, or instability in the nation over the course of investments. The ability of the Fund legal changes, successfully pursue its investment policy and achieve its investment objective may be negatively impacted by regulatory requirements, and/or government policy that the Fund is subject to.

Laws and regulations on a national and international level could change, which could have a negative impact on the operations of the Fund and the investment returns available to investors. Uncertainties like changes in government policies, international political developments in nations where the Fund may make investments, and constraints on foreign investment and currency repatriation may have an impact on the value of a fund's underlying assets.

Nigeria's democracy has matured over the past 24 years, this progress can be seen from the successful democratic transition of power in May 2023. Political and economic stability is being promoted and encouraged with the aim of further strengthening the institutional arrangements that provide a stable and cohesive economic environment for investment. In addition, Infrastructure development is a particularly prioritized by the government.

Overreliance on Oil

The Nigerian economy is significantly affected by the global slide in oil prices evidenced by the weakening of the currency, substantial drop in foreign currency reserves, withdrawal of foreign portfolio capital, and a corresponding decline in stock market performance and government revenues. While the federal government advances in its efforts to diversify the economy from its dependence on oil revenue, a further decline in global oil prices may have an adverse effect on the Nigerian economy which in turn might impact the Fund's operations and profitability.

The current federal government administration of Nigeria reiterated their commitment to continued economic diversification by steadily investing in the growth of other sectors. Nigeria's Real GDP today has a 5.4% contribution from the oil and gas sector, so 94.6% of the Nigerian economy is from other sectors. One of the sectors that the government has been trying to activate its full potential is the infrastructure sector.

Taxation Risk

Any changes in the Fund's current taxation status, or taxation legislation or practice, (in particular in relation to any obligation to withhold tax in respect of payments to the Fund by the borrowers or Distributions made by the Fund to the Unitholders) in Nigeria or any jurisdiction in which the Fund may invest, or in the Fund's tax treatment, may affect the value of the investments held by the Fund or the Fund's ability to successfully pursue and achieve its investment objective and investment policy, or alter the after-tax returns to the Unitholders.

It is the understanding of the Fund Manager that distributed dividends by unit trust schemes such as the Fund are tax-exempt under the prevailing Nigerian tax laws and regulations.

12.2 RISKS RELATED TO THE FUND AND ITS INVESTMENT OBJECTIVE

The Fund May Not Achieve Its Investment Objective

The Fund's investment objective is to offer Unitholders consistent cash flows and competitive investment returns within rational risk parameters that are in line with the expectations of potential investors. The Fund's investments determine how well it performs. The performance of the Fund and its ability to offer competitive returns to its Unitholders or returns commensurate with the risk of investing in the kinds of financial instruments described in this Prospectus will suffer if the investments of the Fund do not perform as anticipated.

In addition, the timing and size of any future distributions from the Fund will be determined by a few factors, including the amount of income generated by the investment portfolio, the availability of distributable profit after paying for fund expenses, the provisions of any applicable laws, and any applicable accounting standards that may be in effect from time to time. While the Fund Manager cannot guarantee the performance of the Fund and cannot use past successes or experience as a predictor of the performance of the Fund, the Fund Manager will make sure that potential investments are thoroughly investigated to reduce performance risk. This will involve consulting outside third-party advisors as required to verify the technical, economic, and financial underpinnings of the investments.

Investors thinking about buying Units in the Fund should be aware that their market value can change and might not always correspond to their intrinsic value. The performance of the Fund's overall investment portfolio has a significant impact on the returns that it generates. Due to various factors influencing the performance of the underlying assets in its portfolio, the Fund may experience fluctuations in its operating results. These variables may include, but are not limited to: changes in the market value of the investments or loans made by the Fund; changes in the distributions, principal repayment, and interest payments made by investments in the portfolio; changes in the Fund's operating expenses; currency and exchange rate fluctuations; International and Local economic and market conditions; and changes in law, taxation, regulation, or governmental policies in the industries or nations in which the Fund invests.

The trading price of the Fund's Units may become volatile because of these fluctuations, which could prevent the performance of the Fund in one period from being a reliable indicator of how it will perform in subsequent periods. Therefore, there is no guarantee—express or implied—that the Fund's forecasted or projected results will or can be realized, and that the Unitholders will receive those distributions or their initial investment in the Units.

Risk of Temporary Investments Before the Proceeds Of Offers are Fully Invested

There is no assurance that the investments the Fund is considering will be completed on time or at all. This could cause a greater portion of the Fund's assets to be held in cash or money market investments for longer than expected, which could negatively affect the Fund's ability to meet its investment objective. Due diligence on potential investments will be done by the Fund Manager; as a result, suitable investment opportunities might not be immediately available. There is no guarantee that the Fund Manager will be able to find or complete suitable investments for all of the proceeds and depending on the size of the proceeds from an Offer, it could take a long time for the proceeds to be fully invested.

After deducting the costs of the Offer and other anticipated fees and expenses, it is anticipated that these proceeds will need to be held in deposit at commercial banks or temporarily invested in liquid securities while the Fund makes its usual investments. Government securities, certificates of deposit, commercial paper, and other investments could be considered temporary. The expected returns from short-term investments and the interest the Fund will receive on deposits with commercial banks will be significantly less than the expected returns from investments. This could prevent the Fund from achieving its investment goals and have a detrimental effect on its performance and NAV up until the full investment of the Offers' proceeds.

The Fund may experience operating losses and its NAV may decrease if the yields on short-term investments fall short of its operating costs. In addition, even though these short-term investments will be conservative, they are still subject to the risks of all investments and could lead to the loss of all or part of the invested capital. There might be a lot of variation in the returns produced by various kinds of short-term investments. These elements could have a materially negative impact on the operation results and future prospects of the Fund and will increase the uncertainty and risk of an investment in the Fund.

In order to shorten the time it takes for the Fund Manager to complete the Fund's investments, the Fund Manager will attempt to complete preparatory work related to investment structuring and due diligence as soon as it plans to issue Units through an Offer.

The Cash Balances and Money Market Investments made By the Fund will be Subject to Counterparty and Credit Risks

The Fund will occasionally have cash balances with banks and other financial institutions. The Fund will also frequently invest in other money market instruments. The Fund would risk losing the amount deposited or the investment if any bank, financial institution, or counterparty of the Fund were to go bankrupt or default on its obligations. Consequentially, the Net Asset Value, earnings, and returns to Unitholders will all suffer a materially negative impact.

The Fund Manager will work to diversify the issuers of its money market investments, including the federal government, state governments, financial institutions, and high-credit-rating corporations. To ensure that the counterparty and credit risk that the Fund faces from such investments is properly managed, the Fund Manager will monitor the investments and the respective issuers.

Competition Risks

Due to competition, it is difficult to predict how well the Fund will be able to locate and gain access to suitable investment assets. The Fund might experience a rise in competition from domestic and international rivals (investors and other lenders), who might have more capital and resources and thus be able to offer superior services or pursue more aggressive pricing strategies than the Fund. Such competition could lower expected returns or yields on investments and have a negative impact on how well the Fund operates. There can be no guarantee that the Fund will be able to determine investments, arrange financing, or provide capital that meets its return objective. If the Fund only makes a small number of investments, the underperformance of those few investments could have a big impact on investor returns.

Changes in the market for leveraged loans or other general market events, which may include the Fund's inability to purchase investments at favourable yields, changes in interest rates or credit spreads, or other circumstances that may negatively affect the price of securities, whether individually or collectively, are additional factors that could affect the Fund's ability to find suitable investments. The Fund may also be unable to reinvest the proceeds from its investments.

The Investments made by the Fund Will be Highly Illiquid

The fund will make very illiquid investments, hence might be very challenging to value. As a result, the market price that can be obtained for such investments may be significantly less than the assets' value as determined by the Fund Manager and/or the valuation consultant hired for the Fund's valuation.

The Fund Manager intends to keep the investments that the Fund will make until they mature. Only when commercially viable and deemed by the Fund Manager to be in the best interests of the Unitholders will the sale of an investment prior to its maturity be taken into consideration.

The Fund may make investments in currencies other than naira

For the Fund's loans and investments that are made in other than Naira, particularly in US Dollars, the Fund may offer financing or make investments in those other than Naira. If the value of the Naira fluctuates against other currencies while the loan or investment is in effect, it could have an impact on the potential yield or return that was calculated in Naira terms. The yield or return on the loan and investment will be lower than expected if the Naira exchange rate appreciates or depreciates by less than that assumed at the time of providing the loan or making the investment, and vice versa.

To the extent that such loans and investments are available on commercially favourable terms, the Fund Manager seeks to maximize the proportion of Naira-denominated debts and investments in the Fund's portfolio.

The Fund will make a limited number of investments

The Fund is expected to finance or invest in a select few investments. This could result in the Fund being significantly exposed to certain borrowers, borrowers from the same industry, borrowers active in the same market, or borrowers who earn their income from the same off-taker. The value of the investments in the

Fund and, consequently, its net asset value, may fluctuate more when there is a higher concentration of investments exposed to one or more of the aforementioned factors.

The Fund Manager will seek to diversify the Fund's investment portfolio across sectors, types of projects and borrower groups, to achieve prudent management of the concentration risk. The total number of investments in the Fund's portfolio is also expected to increase, over a period, as and when additional Units are issued by the Fund.

To effectively manage the concentration risk, the Fund Manager will work to diversify the investment portfolio of the Fund across industries, project types, and borrower demographics. As and when more Units are issued by the Fund, the total number of investments in its portfolio is also anticipated to grow over time.

12.3 RISK RELATED TO THE FUND'S INVESTMENTS

Risk Of Default by the Borrower

The borrowers in which the Fund invests run the risk of going out of business and being unable or unwilling to timely pay principal and/or interest to the Fund. Such a default could negatively impact the income the Fund receives, which could negatively impact the Fund's net asset value, earnings, and distributions to unitholders.

The Fund Manager will thoroughly evaluate each borrower's and each investment's creditworthiness before making any proposed investments. The extensive due diligence will profit from the professional team's track record and, as necessary, external advisers. Furthermore, a counterparty of the borrower defaulting under an active contract for the offtake of the borrower's output is the most likely reason for such a default. The likelihood of such a default is typically regarded as low because the counterparty in the majority of the Fund's investments is an entity backed by the government.

Demand Risk

The Fund will also invest in projects whose output and service demand are influenced by market conditions and are subject to change over time. Accurate projections of such demand for the future are not feasible. The borrower runs the risk of having trouble paying off its debts to the extent that demand and the resulting revenues are less than anticipated.

The Fund Manager will consider the accuracy of the borrower's forecasts when determining the project's overall credit quality as part of its thorough due diligence. It will perform sensitivity analyses by considering the likelihood that such demand will be lower than anticipated, and it will look for credit support mechanisms from the borrower such as contingent equity, debt service reserves, and escrow accounts.

Development and Construction Risk

Although Brownfield projects/investments with the ability to distribute periodic interest payments to investors would be the Fund's primary focus, Greenfield projects/investments may also be taken into consideration if they have sufficient protections in place. There is a potential risk that the anticipated returns on such an investment will be negatively impacted, and as a result, the Fund's ability to continue paying dividends or interest to investors may be compromised.

Fund Manager will carry out sensitivity analyses by factoring in the probability of the investment being delayed/affected and seek from the borrow credit support mechanism such as contingent equity, debt service reserves and escrow accounts, as appropriate.

Operational Risk

There is a chance of suffering a loss as a result of internal processes, personnel, and system failures or uncontrollable external events. The effective operation and upkeep of the Fund's assets are necessary for its long-term financial success. The Fund's capacity to continue making dividend or interest payments to investors could be hampered if the financial assets are not efficiently maintained and run. Additionally, failing to obtain adequate insurance or failing to maintain the asset properly could result in significant losses and damages.

Valuation Risk

The value of the investments in the Fund may change due to changes in the economy's interest rates. This could have a negative impact on the Fund's income and net asset value, especially if the investments don't produce returns with floating rates. Governmental, monetary, and tax policies, domestic and international economic and political considerations, fiscal deficits, trade surpluses or deficits, regulatory requirements, and other factors outside the control of the Fund Manager all have a significant impact on interest rates. The value of the investments in the Fund may change because of changes in the economy's interest rates. This could have a negative impact on the Fund's income and net asset value, especially if the investments don't produce returns with floating rates. Interest rates are extremely sensitive to a variety of variables, including monetary, fiscal, and governmental ones.

To the extent that it is practical and contingent upon the willingness of the borrower and other co-lenders, the fund manager will attempt to make its investments on a floating rate basis. The Fund Manager will consider the information about the likely direction of interest rates and other macroeconomic factors when pricing fixed-rate investments.

Risk Of Force Majeure

Due to uncontrollable events like war, civil war, riots, armed conflict, terrorism, acts of sabotage, and natural disasters like storms, earthquakes, tidal waves, floods, lightning, explosions, fires, and destruction of plants, machinery, and/or premises, the performance of the Fund's investments may be impacted.

The Fund Manager will review the proposed insurance contracts to be signed by the borrower as part of its thorough due diligence to make sure the risk coverage is appropriate. Whenever necessary, external insurance advisors will be used during the due diligence process.

The Fund May Make Investments Where It Does Not Have a Direct Contractual Relationship With the Borrower

The Fund typically has a contractual relationship with only the intermediary lender and not with the borrower in connection with investments that are set up as loan participations or securitized debt instruments. There's a chance that the Fund won't be able to make the borrower abide by the terms of the loan agreement or exercise any set-off rights against them.

The Fund will take on the credit risk of the lender issuing the securitized instrument or selling the participation. The Fund might not profit from any setoffs between the lender and the borrower if such a counterparty becomes insolvent.

By requiring the intermediary lender to consult with the Fund before making any decisions as part of the investment documentation, the Fund Manager will work to protect the Fund's interests when investments are made indirectly. As part of its credit assessment process, the Fund Manager will also evaluate the intermediary's creditworthiness.

The Fund's Investments May Be Impacted By Cross-Defaults Provisions in Loan Agreements

A borrower's loan from the Fund may be subject to certain cross-default provisions, which may require immediate repayment of the loan if the borrower's parent or affiliate defaults on other obligations. The investments made by the fund may be negatively impacted (Fund's Net Asset Value and income) if the affected parent or affiliate is unable to cure the default and the borrower is unable to immediately repay the outstanding loan.

The Fund Manager will work to ensure that the Fund's interests are safeguarded as part of the loan documentation in the event of any cross-default by the borrower or borrower group entities.

The Fund's ability to influence the actions of the borrower or the senior lender of the borrower is unlikely to apply to its subordinated debt investments. Decisions that are not in the Fund's best interests might result from this.

The Fund Manager will seek voting rights in the event of any event of default as well as consent rights for significant corporate actions for subordinated debt investments. To protect the interests of the Fund, it will also seek restrictions on shareholder distributions.

12.4 RISKS RELATED TO THE FUND'S UNITS

Liquidity Risk

In terms of liquidity, this is the speed at which Unitholders can sell an investment for its market value. It is anticipated that the Fund will concentrate on illiquid assets that have the potential to offer a greater return than liquid investments over the long term. As a result, Investors might not be able to withdraw their money from the Fund whenever they want. Investments with less liquidity are riskier as well. The Fund may be limited in its ability to sell its investments at the price and time that it chooses if its assets are invested in illiquid securities.

There is no assurance that the Units will trade at prices that are close to their underlying Net Asset Value or that a liquid market for the Units will emerge. Unitholders might not be able to profit from their investment at the share's net asset value.

Transferability Risk

It's possible that the Units won't have a public market. Units may not be able to be redeemed or transferred in certain situations. As a result, only those who are financially capable of maintaining their investment for a long period of time and who can afford to lose all or a significant portion of it should consider investing in the Fund.

Regulatory Risk

The laws regulating the listing and trading of the Units could occasionally change. The Fund shall be subject to the regulatory requirements (and any modifications thereto) applicable at any time to the Funds and/or close-ended funds listed on a recognized exchange in Nigeria. If these rules and regulations were to change in the future, the performance of the Fund could suffer significantly.

Return Risk

The return risk is the chance that an investment's return to unitholders over the period from purchase to sale will not be known at a point before the sale. Additionally, it is uncertain whether the investment goal will be accomplished. The value of the investments changes because of changes in prices and is influenced by the asset classes in which they are made. There is a chance that there won't be enough opportunities for investments, which would prevent or reduce the intended return. Therefore, there are no guarantees that the Fund will be able to fully invest its capital possible or that there will be enough suitable investment opportunities found. It is not promised or guaranteed that the Fund will succeed in its investment goals.

Trading Risk

Unitholders may not be able to realize their investments through the secondary market at the Net Asset Value per Share if the Units trade at a discount to the Net Asset Value per Unit. The supply and demand for the Units, market conditions, and investor sentiment are some examples of factors that can cause the market price of the Units to change independently from its underlying Net Asset Value and trade at a discount or premium at different times. Therefore, it is possible for the market value of the Units to trade for a long time at a discount to its net asset value.

13. STATUTORY AND GENERAL INFORMATION

13.1 EXTRACT FROM THE TRUST DEED

Below are the relevant clauses (cl) extracted from the Fund's Programme Trust Deed.

3. Constitution and Structure of the Fund

3.1 *Establishment of the Trust*

The Fund Manager hereby establishes the Trust to be known as the FSDH Infrastructure Debt Fund and appoints the Trustee to act for the benefit of the Unitholders (according to their respective interest) in accordance with the terms of this Trust Deed.

3.2 *Declaration of Trust*

The Trustee hereby declare itself as trustee for the Unitholders with effect from the date of this Trust Deed, to hold the benefit of the covenants and other obligations on the part of the Fund Manager herein contained, in trust for the Unitholders and itself, subject to the terms of this Trust Deed.

3.3 *Constitution of the Fund*

3.3.1 The net proceeds of an Offer when received by the Fund Manager shall be paid into the Designated Account to be opened and maintained by the Custodian in the joint names of the Trustee and the Fund and shall, with all other property and assets of the Trust, at all times be vested in the Trustee and shall constitute a part of the Trust.

3.3.2 The ownership of the Deposited Property shall be vested in the Trustee and, subject to the terms of this Trust Deed, the right to conduct the affairs of the Fund will be exercised independently by the Fund Manager on behalf of the Unitholders.

3.3.3 The Deposited Property of the Fund shall be held separate and distinct and shall not be co-mingled with any other fund or assets of the Fund Manager/Trustee/Custodian.

3.4 *Division of the Fund into Units*

3.4.1 The beneficial interest in the Fund shall be divided into interests of equal value referred to as "Units"; and the units and fractions thereof shall be issued at a price calculated in accordance with this Deed, PROVIDED that the Units shall only be issued in fractions of a whole number in denominations of up to a maximum of 2 decimal places.

3.4.2 Units, and fractions thereof, shall be issued only as fully paid.

3.4.3 No Unit or fraction thereof shall have any rights, preferences or priorities over any other Unit.

3.4.4 The Trustee and the Fund Manager may also be Unitholders.

5. Description of the Fund

5.1. The Fund is an actively managed close-ended infrastructure fund structured as a unit trust under the Rules on Infrastructure Funds. The Fund is a specialized scheme domiciled in Nigeria that invests in the Authorised Investments. The Fund currency shall be denominated in Naira, or such other currencies as may be indicated in the applicable supplementary prospectus.

5.2. Details of the Investment objectives and Authorised Investment of the Fund is contained in Clause Error! Reference source not found. and First Schedule of this Trust Deed.

6. Issue of Units

6.1. Upon the establishment of the Fund and its division into Units, the Fund Manager will determine the price of the Units to be issued pursuant to an Offer.

6.2. The Fund Manager shall issue 2,000,000,000 Units of the Fund to the public at N100 per unit being the initial Offer Price.

6.3. The Minimum Holding one or joint Unitholder(s) may have in the Fund shall be as set out in the applicable supplementary prospectus in relation to the Units of the Fund that are being offered under the Initial Offer or any Follow-on Offer.

6.4. A person who wants to subscribe for Units in an Offer may do so at the Offer Price and must complete and deliver to the Fund Manager an application in the form prescribed by the Fund Manager. Every application in whatever form shall be accompanied by the relevant evidence of payment of subscription amount to the Designated Account. The Fund Manager has absolute discretion in accepting or rejecting any subscription for Units.

6.5. The Fund Manager may make offers for subscription of Units in the Fund to Target Investors, (subject to the Minimum Holding) of such number, price and value as the Fund Manager may from time to time determine, subject to the approval of the Commission. After the Offer Closing Date, the Fund shall not be open to any Target Investor.

6.6. The Fund Manager, upon receipt of a subscription form, shall accept or reject such subscription within 6 (six) Business Days of the closure of the Offer. In the case of rejection, the Fund Manager shall forthwith return the subscription form and any payment made without interest thereon; and, in the case of acceptance, the Fund Manager shall forthwith forward a notice to the subscriber indicating the number of Units and fractions thereof, if any, issued to such subscriber.

6.7. The Unitholders shall subsequently be issued with a Statement of Unitholding in accordance with Clause 10.1 which will serve as proof of title to the number of Units listed on such statements.

6.8. Any new Units issued pursuant to Clause 6.5 above, shall rank pari passu in all respects with the Units issued pursuant to this Trust Deed.

6.9. Issuances after the Initial Offer will be subject to a minimum of 60% (sixty per cent) of the net proceeds from previous Offer(s) being committed to or utilised for the funding of infrastructure loans.

8. Rights of Unitholders

8.1. The Unitholders shall not have or acquire any right against the Fund Manager or the Trustee in respect of their investments except such rights as are expressly conferred upon them by this Trust Deed or by any law, subsidiary legislation, regulation or any order of court.

8.2. The Unitholders shall have no interest in the Deposited Property other than the beneficial interest provided for in this Trust Deed and no Unit shall confer any interest or share in any particular part of the Deposited Property of the Fund. The Unitholders shall have no right to call for any partition or division of any portion of the Deposited Property of the Fund nor shall they be called upon to share or assume any losses of the Deposited Property of the Fund or suffer any assessment or further payments to the Fund or the Trustee of any kind by virtue of their ownership of Units of the Fund.

8.3. A Unitholder shall have the right to share in the benefits from the Deposited Property proportionate to the number of Units held by him in the Fund.

8.4. Only persons who have been duly registered as Unitholders shall have the right to be recognised as such.

8.5. The Fund Manager shall be treated for the purposes of this Trust Deed as the Unitholder of each Unit during such time that neither the Fund Manager nor any other person is registered or entitled to be registered as the Unitholder, but nothing herein contained shall prevent the Fund Manager from subscribing to and becoming a registered holder of Units in the Fund.

8.6. A Unitholder shall have the right to pledge, charge, mortgage, or otherwise offer his Units to secure a debt, a loan or an obligation and in any such case the Unitholder shall notify the Fund Manager, the Registrar and the CSD of the pledge, charge, mortgage or obligation.

8.7. A Unitholder shall be entitled to receive a Statement of Unitholding from the CSD stating the number of Units held by the Unitholder as of the date of the Statement.

12. Transfer of Units

The transfer of units will be effected on the trading system of the Exchange and settled in accordance with the relevant CSD rules.

13. Buy-back of Units

On the Fund Manager's request, the Trustee shall approve the buyback of Units from the secondary market up to a maximum of 20% of the initial registered Units, over the life of the Fund. The Fund Manager will be responsible for implementing the buyback, after making a public announcement of the maximum number of Units to be bought back, the maximum price for buy back and the timeframe within which the buyback process will be executed. The maximum price to be paid for the buyback of Units, including any applicable brokerage or commission, shall not exceed the latest available Net Asset Value per Unit.

15. Investment Policy and Investment Outlets

15.1. In accordance with the provisions of the Rules on Infrastructure Funds, the Fund shall invest at least 90% of its assets in the securities, loans or securitized debt instruments of infrastructure companies or projects or special purpose vehicles which are created for the purpose of facilitating or promoting investment in infrastructure in respect of revenue-generating projects of infrastructure companies or special purpose vehicle PROVIDED that where there is any change in the position of the law, the new provision(s) shall become applicable.

15.2. The Fund may invest in instruments issued by the Fund Manager's Affiliates of a related party only where the conditions provided in the ISA or Securities & Exchange Commission Rules and Regulation have been satisfied.

15.3. The Fund's investment objective and Investment Policy are as detailed in the First Schedule of this Trust Deed.

16. The Investment Committee

16.1. The Fund Manager shall constitute an Investment Committee for the Fund, to oversee the management of the Fund.

16.2. The Investment Committee shall comprise of 6 (six) members.

16.3. The chairman of the Investment Committee shall be appointed at the first meeting of the Investment Committee and the chairman shall not chair any other committee of the Fund. At least 3 (three) members of the Investment Committee shall have background knowledge in the business of investment and financial matters, one of whom shall be independent of the Fund Manager, Trustee and Custodian.

16.4. The Investment Committee shall set appropriate policies, and review and assess processes and controls, which would guide investment decisions by the Fund Manager. The functions of the Investment Committee shall include, but not be limited to, the following:

a. reviewing the Investment Policy and strategies of the Fund Manager;

b. approving investment proposals;

c. deciding on strategies to achieve the Fund's objective;

d. taking decisions on cash allocations for investment purposes;

e. supervising the activities of the Fund Manager and the investment performance of the Fund's assets and investments;

f. reviewing the Fund Manager's investment decisions and ratification of such decisions as it deems appropriate;

g. ensuring that funds are fully invested or otherwise invested to maximize returns; and

h. referring all conflicts of interest and related matters to the Advisory Board

16.5. The Investment Committee shall review the quarterly and annual performance reports prepared by the Fund Manager. The Investment Committee shall review such reports with a view to, among others:

a. highlighting and reporting on significant changes from reasonable investment return levels;

b. ensuring a clear understanding of the impact of external factors on the Fund's investments;

c. outlining areas of risk inherent within the investment strategy; and

d. any issues having particular significance requiring a deviation from the Investment Policy.

16.6. The Investment Committee's decision to either proceed to comprehensive due diligence or to decline an investment opportunity shall be based on a unanimous vote of its members.

16.7. The Investment Committee shall meet at least once every three months.

17. Advisory Board

17.1. The Fund Manager shall constitute the Advisory Board of the Fund, which shall be made up of a representative of the Trustee and other representatives, with independent representatives of the institutional investors being in the majority, and are independent of the Fund Manager, Trustee and Custodian, provided always that at all times, the members of the Advisory Board who are institutional investors shall be in the majority.

17.2. The initial members of the Advisory Board shall be appointed by the Fund Manager, who shall hold office until the first Meeting of the Unitholders. At the first Meeting, the Unitholders shall elect the members of the Advisory Board (other than the representative of the Trustee). The initial members of the Advisory Board shall also be eligible for the election. The members of the Advisory Board shall hold office for a period of three years and will be eligible for re-election on completion of their term. The member representing the Trustee shall be the chairman of the Advisory Board.

17.3. The Advisory Board shall be authorised to:

a. Review the Fund's compliance with its Investment Objectives;
b. Oversee the general audit functions in respect of the Fund and the review and approval of all Related Party Transaction;
c. Handle all conflicts of interest relating to the Fund; and
d. Consider any other matters referred to it by the Fund Manager, Trustee or the Investment Committee.

17.4. The Advisory Board shall be a committee of the Fund and shall take no part in the control or management of the Fund, nor shall it have any power or authority to act for or on behalf of the Fund, and all investment decisions, as well as all responsibility for the management of the Fund and, to the extent permitted by law and save as otherwise expressly provided by this Trust Deed, rest with the Fund Manager. Except for those matters for which the consent, approval, review or waiver of the Advisory Board is required by this Trust Deed, any actions taken by the Advisory Board shall be advisory only, and neither the Fund Manager nor any of its Affiliates shall be required or otherwise bound to act in accordance with any decision, action or comment of the Advisory Board or any of its members.

17.5. Meetings of the Advisory Board shall be semi-annually and at least 10 (ten) Business Days' written notice of a meeting of the Advisory Board shall be given to all members of the Advisory Board and the Fund Manager accompanied by:

a. an agenda specifying in reasonable detail the matters to be raised at the meeting; and

b. copies of any papers to be discussed at the meeting.

A shorter period of notice of a meeting of the Advisory Board may be given if at least 2 (two) members agree in writing.

17.6. Decision Making

17.6.1 The quorum for a meeting of the Advisory Board shall be 3 (three) members.

The Advisory Board will make decisions by a majority of its members present at the meeting in a meeting (which may be held by telephone or videoconference, provided that all participants can hear each other) or in writing pursuant to clause 17.6.3.

17.6.2 The members of the Advisory Board may participate in and confer by conference telephone or other communication equipment provided that all the members participating in the meeting are able to hear, and communicate with, each other and a member so participating shall be counted as present in person at the meeting, shall be counted in a quorum and shall be entitled to vote.

17.6.3 A resolution of the Advisory Board signed by all the members shall be as valid and effectual as if it had been adopted by a duly convened meeting of the Advisory Board. Unless the contrary is stated therein, any such resolution shall be deemed to have been passed on the date on which it was signed by the member last signing it and a facsimile, photograph or scanned transmission of a member's signed resolution shall be acceptable evidence that such resolution has been signed by the member whose signature appears on the facsimile, photograph or scanned transmission.

17.6.4 Meetings of the Advisory Board will further be subject to such rules and procedures as the Advisory Board may determine including relating to conflicts of interest within the Advisory Board. Conflicts of interest within the Advisory Board will be treated in accordance with Clause 10.1 below.

17.6.5 The chairman shall not be entitled to a second or casting vote in the event of a tied vote or decision with the effect that the resolution giving rise to such tied vote or decision shall not be approved.

17.6.6 Minutes of each meeting of the Advisory Board shall be circulated to the Fund Manager and the members of the Advisory Board as soon as practicable after the end of the meeting and, in any event, within 20 (twenty) Business Days thereof.

17.7. Other Activities

The Unitholders acknowledge that the members of the Advisory Board shall have substantial responsibilities in addition to their Advisory Board activities and are not obligated to devote any fixed portion of their time to the activities of the Advisory Board; and will not be subject to any of the restrictions imposed on the Fund Manager or the Trustee in this Trust Deed and will not be prohibited from engaging in activities that compete or conflict with those of the Fund, nor shall any such restrictions apply to any of their respective Affiliates.

17.8. Conflicts

If any member of the Advisory Board has a potential conflict of interest regarding a matter under consideration, they must declare the nature and details of the potential conflict to the Advisory Board. If the member has disclosed and consulted the Advisory Board about the potential conflict of interest, the Advisory Board may deal with such potential conflict of interest in a manner that is in accordance with the Advisory Board standard or procedures, set out and approved by the Advisory Board ("Advisory Board Charter"). If, however, in accordance with the Advisory Board Charter, the Advisory Board determines and waives the conflict or the member acts according to Advisory Board Charter with respect to dealing with potential conflict of interest, then such member will have no liability to the Fund or any Unitholder for actions taken in good faith, including actions in the pursuit of its own interests, and such actions shall not constitute a breach of any duty or obligation of the member at law, in equity or otherwise.

17.9. Fees and Expenses

The members of the Advisory Board shall not be remunerated but shall be reimbursed by the Fund for all reasonable out-of-pocket expenses incurred in relation to their duties.

17.10. Information

As far as possible, the Fund Manager shall promptly provide the Advisory Board with such additional information as the Advisory Board may, from time to time, request (acting reasonably) in respect of the Fund.

17.11. Independent Advice

The Advisory Board shall (at the expense of the Fund and acting reasonably) be entitled to appoint its own independent professional advisers (including lawyers and accountants) in respect of matters to be considered by the Advisory Board, subject to such limits as are agreed from time to time with the Fund Manager.

17.12. No Fiduciary Duties

Members of the Advisory Board shall not owe any fiduciary duty to the Unitholders, except as provided by law.

18. Investment Prohibitions

18.1. Neither the Fund Manager, the Trustee, the Custodian nor their affiliates shall deal as principals in the sale of assets to the Trust.

18.2. The powers of the Fund Manager in relation to the investment and management of the Trust's Deposited Property shall be subject to the consent of the Trustee.

18.3. The Fund Manager shall not, on a single or aggregate basis, invest more than 30% of the Net Asset Value of the Fund in any one company or body or any one security, which is rated below investment grade or unrated unless this is extended to up to 50% of the Fund's Net Asset Value, subject to the approval of the Trustee and the Investment Committee or such other limits provided by the SEC Rules from time to time.

18.4. Subject to the Investment Policy, the Fund shall not invest in:

a. any unlisted security of the Fund Manager or its associate or group company;

b. any listed security issued by way of private placement by the Fund Manager or its Affiliates or group company;

c. any listed security of the Fund Manager or its associate or group company in respect of completed and revenue generating projects of infrastructure companies or special purpose vehicles of the Fund Manager or its Affiliate; or group companies, in excess of 25% of the net assets of the Fund, subject to approval of the Trustee and full disclosures to Unitholders for investments made within this limits;

d. any investment scheme to which the Fund Manager or a subsidiary or holding company of the Fund Manager acts as manager thereof.

18.5. The Fund shall be permitted to borrow and shall use borrowings for the purposes of meeting its operating expenses, making new investments or to financing buyback of its Units. The Fund shall restrict its borrowings to a maximum of 25% of its Net Asset Value at any point in time. The duration of any borrowing shall not be more than 12 (twelve) months, by when it must be repaid from income received by the Fund, loan repayments or issue of additional Units, if required.

18.6. The value of the Fund's investment in:

a. money market instruments issued by any single issuer shall not constitute more than 25% of the Fund's Net Asset Value.

b. the securities, loans or securitized debt instruments of infrastructure companies or projects or special purpose vehicles which are created for the purpose of facilitating or promoting investment in infrastructure in respect of revenue generating projects of infrastructure companies or special purpose vehicle shall be at least 90% of the Fund's Net Asset Value.

c. debt instruments of any company or project or special purpose vehicles which is created for the purpose of facilitating or promoting investment in the target sector range in respect of completing revenue-generating projects of any single company or project or special purpose vehicle, which is rated below investment grade or unrated shall not exceed 30% of the Fund's Net Asset Value provided that such investment limit may with good cause, be extended up to 50% of the net assets of the scheme, with the prior approval of the Trustees, the Fund's Investment Committee and the board of the Fund Manager as applicable.

18.7. Where the investment limit, as prescribed in this clause, is exceeded as a result of a corporate action or through an appreciation or depreciation of the Fund's Net Asset Value, the Fund Manager shall not make any further acquisition with respect to any security with which the relevant limit is breached, and the Fund Manager shall within a period of not more than 6 (six) months from the date of the breach take all necessary steps and actions to rectify the breach.

20. Conflict of Interest

20.1. Competing Funds

Neither the Fund Manager nor any of its affiliates will form or organise any pooled multiple investment vehicle or other entity having investment objectives similar to those of the Fund ("Competing Fund"), without the prior written consent of the Advisory Board.

20.2. Personal Investments

The Fund Manager may not acquire, invest in or hold securities of any entity in which an investment has been made directly or indirectly by the Fund without the consent of the Advisory Board, provided that the foregoing restriction shall not apply to (i) securities held by the Fund Manager through the Fund or any Competing Fund approved by the advisory board or (ii) securities of an entity that were received as a distribution from the Fund, or that were granted or paid to the Fund Manager or any of its Affiliates in such person's capacity as a director of such entity or an Affiliate thereof.

20.3. Transactions with Affiliates

20.3.1 Subject to (i) the Investment and Securities Act and every regulation made pursuant to it, (ii) the Fund Manager obtaining the consent of the Advisory Board and the Trustee(iii) a fairness opinion or third-party valuation from an independent adviser, the Fund may enter into contracts and transactions with any of the Fund Manager, its affiliates or the Fund's management team authorised or contemplated by this Trust Deed.

20.3.2 The Fund Manager may, from its own funds with the consent of the Trustee make payment of Charges on behalf of the Fund, in the ordinary course of business. Such payments shall be reimbursed in full by the Fund to the Fund Manager, without any interest.

20.4. All services or transactions undertaken by the Fund Manager on behalf of the Fund with the Affiliate of a Related Party shall be done at arm's length and at terms based on cost, price, and prevailing market conditions in the interest of the Fund.

20.5. Devotion of Time

20.5.1 The Fund Manager shall ensure that the management team is adequately staffed at all times and the Fund's affairs are given due priority.

20.5.2 The management team, including the Key Persons, shall spend as much time as is necessary to properly manage the Fund's affairs.

20.6. Other Potential Conflicts of Interest

On any matter involving a conflict of interest not provided for in this Trust Deed, the Fund Manager will notify the Advisory Board in writing as soon as reasonably practicable, consult with the Advisory Board with respect to any matter as to which the Fund Manager determines in good faith that such a conflict of interest exists or is likely to arise and act in accordance with the instructions of the Advisory Board.

24. Registration of Unitholders

24.1. A Register of Unitholders shall be kept by the Registrar in such form and manner as the Trustee may from time to time direct, including in an electronic form.

24.2. The Register shall contain the names of Unitholders, the respective number of Units held, the nominal value of the Units, the date of purchase, and any other information that may be deemed necessary by the Fund Manager and the Trustee. The Registrar shall promptly comply with all requirements that may be notified to it from time to time by the Trustee as to the form of the Register.

24.3. The Registrar shall immediately be notified in writing of any change of name or address on the part of any Unitholder and, upon the Registrar's satisfaction thereof and in compliance with all such formalities as it may require, shall cause the Register to be altered accordingly.

24.4. Any Unitholder or its nominees shall be entitled during business hours to freely inspect the Register at no cost. Notwithstanding this entitlement, Unitholders shall only be able to access their individual Statements of Unitholding in the Register. In addition, a nominal fee may be payable where copies of any documents from the Register are required by the Unitholder.

24.5. The Register shall be conclusive evidence of the persons entitled to the Units stated in it and no notice of any trust, express, implied or constructive shall be entered upon the Register in respect of any such Units.

24.6. A body corporate may be registered as a Unitholder or one of joint Unitholders.

24.7. In the event of the death of a Unitholder, only the legally appointed executors or administrators of the estate of the deceased Unitholder (not being one of joint Unitholders) or the surviving Unitholder(s) of joint Unitholders shall be recognized by the Registrar, Trustees and Fund Manager as having any title to or interest in the Units of the deceased Unitholder.

24.8. Any person becoming legally entitled to any Units in consequence of the death or bankruptcy or dissolution or winding up of any Unitholder or upon the order of a court or upon a declaration that a Unitholder is a lunatic shall, upon producing such evidence to the satisfaction of the Registrar substantiating his claim, be entitled to elect either to be registered himself or to have some other persons nominated by him registered as entitled to such Unit(s). If the person becoming so entitled shall elect to be registered himself he shall deliver or send to the Registrar a duly signed written notice in a form to be prescribed by the Registrar stating that he elects to be so registered; or if he shall elect to have some other person nominated by him, shall testify such election as if the death, bankruptcy or lunacy or the dissolution or winding up of the Unitholder had not occurred and the notice or transfer were a transfer executed by such Unitholder. Until such production is made, the Unitholder of record shall be deemed to be the holder of such Units for all purposes hereof and the Trustee and the Fund Manager shall not be affected by any notice of such bankruptcy, insolvency or other event.

24.9. Any person becoming entitled to Units in consequence of the death or bankruptcy or dissolution or winding up of a Unitholder shall, once he has provided sufficient evidence of such entitlement to the Registrar even if actual registration has not yet taken place, be entitled to receive and may give a discharge for monies payable in respect of the Units. However, such a person shall not be entitled to all the other rights of a Unitholder until his name is entered in the register of Unitholders.

24.10. The Fund Manager may, upon giving not less than 7 (seven) working days' notice to the Unitholders by advertisement in a widely circulated daily newspaper, close the Register. Such periods of closure shall not, in aggregate, exceed 30 (thirty) days in each year.

26. Issuance of Statements of Unitholdings to Unitholders

26.1. Upon the Initial Offer, the Registrar shall notify the Unitholder of the number of Units and fractions thereof, if any, purchased by such Unitholder by issuing a Statement of Unitholding.

26.2. Subsequently, every Unitholder shall be entitled to receive a Statement of Unitholding indicating the total holding of the Unitholder in respect of the Fund, including all Units that have been acquired by the Unitholder and such statement shall be conclusive evidence of the number of units held.

26.3. Joint Unitholders shall be entitled to only one Statement of Unitholding for Units held jointly by them, which Statement of Unitholding shall be issued in the names of the joint Unitholders and delivery of a Statement of Unitholding to one of the joint Unitholders shall be sufficient delivery to all such Unitholders.

27. Indemnities, Rights and Discretion of Trustee

27.1. Without prejudice to any indemnity allowed by law or elsewhere herein given to the Trustee, the following provisions shall apply:

27.2. The Trustee shall not be responsible for the authenticity of any form of application, endorsement or other documents affecting the title to or transmission of Units; or be in any way liable for any forged or unauthorised signature on or a seal affixed to such endorsement, transfer or other document; or for acting on or giving effect to any such forged or unauthorised signature or seal affixed, PROVIDED that they have exercised due care and diligence in examining the signature and/or document.

27.3. The Trustee shall not incur liability in respect of any action or omission by them in good faith in reliance upon any notice, resolution, direction, consent, certificates, affidavit, statement, certificate of stock, plan or scheme of reorganisation or other paper or document believed to be genuine and to have been passed, sealed or signed by the proper parties.

27.4. The Trustee shall not be liable to the Unitholders for doing or failing to do any act or thing which by reason of any provision of any present or future law or regulation made pursuant thereto or of any decree, order or judgment of any court or by action (whether of binding legal effect or not) which may be taken or made by any person or body acting with or purporting to exercise the authority of any government (whether legally or otherwise) where the Trustee shall be directed or requested to do or perform or to forbear from doing or performing any act or thing.

27.5. The Trustee shall be entitled to require that the signature of any Unitholder or joint Unitholder to any document required to be signed by such Unitholder under or in connection with this Trust Deed be verified by a banker or broker or other responsible person or otherwise authenticated to their reasonable satisfaction.

27.6. The Trustee or its Affiliates shall not by reason of its office be precluded from purchasing, holding, dealing in or disposing of Units nor from contracting or entering any financial, banking or other transaction with the Fund Manager (or its Affiliates) or any Unitholder or any company or body whose shares or securities form part of the Deposited Property or from being interested in any such contract or transaction or from holding any shares or any investment in any such company or body. Provided always that the entering into such contracts or transactions shall not be prejudicial to or against the interest of the Fund, the Trustee and its Affiliates shall not, except as otherwise herein provided, be in any way liable to account either to the Fund Manager or to the Unitholders for any profits or benefits made or derived by the Trustee in connection therewith.

27.7. The Trustee may not without the prior consent of the Fund Manager, prosecute or defend any action or suit in respect of the provisions hereof or in respect of the Deposited Property or any part thereof, or take part in or consent to any corporate action Provided however that the Trustee shall not require the consent of the Fund Manager where the action or suit is in respect of the Fund Manager.

27.8. Save for instances where the Trustee has been negligent, the Trustee shall not be liable to account to any Unitholder for any payment made or suffered by the Trustee in good faith to any duly empowered fiscal authority of Nigeria or elsewhere for taxes or other charges in any way arising out of or relating to any transaction under this Trust Deed notwithstanding that any such payments need not have been made or suffered.

27.9. The Trustee shall not be under any liability on account of anything done or suffered by them in good faith in accordance with or in pursuance of any request, notice, direction or advice of the Fund Manager. Whenever a notice or other communication is to be given by the Fund Manager to the Trustee, the latter accepts as sufficient evidence thereof, a document signed on behalf of the Fund Manager by any person whose signature the Trustee is for the time being authorised in writing by the Fund Manager to accept.

27.10. The Trustee shall, as regards all the powers and discretion vested in it by this Trust Deed, have absolute and uncontrolled discretion as to the exercise or non-exercise thereof. In the absence of fraud or negligence or breach of duty, the Trustee shall not in any way be responsible for any loss, costs or damages that may result from the exercise or non-exercise thereof.

27.11. The Trustee may act upon the advice of or statement or information obtained from stockbrokers, accountants, lawyers, bankers or other persons believed by the Trustee in good faith to be experts in the matters on which they have been consulted, whether instructed by the Trustee or the Fund Manager. The Trustee shall not be liable for anything done or omitted or suffered to be done by it in reliance upon such advice statement or information.

27.12. The Trustee shall not be responsible for the acts of its duly appointed lawyer, banker, accountant, broker or any other agent not acting on the instruction of the Trustee or acting beyond the course and scope of its appointment. However, where the Trustee is held liable for the acts of any of its agents as provided above, the Trustee will be entitled to be indemnified by such agent.

27.13. If for any reason it becomes impossible or impracticable to carry out any of the provisions of this Trust Deed, the Trustee shall not be under any liability or thereby incur liability for any error of law in the absence of fraud or negligence or breach of duty in connection with any matter or thing done or suffered to be done or omitted to be done by them in good faith hereunder, PROVIDED that nothing in this clause may be construed as exempting the Trustee from, or indemnifying the Trustee against, liability for breach of trust arising from any fraudulent or negligent act or omission on its part or any other breach of duty hereunder.

27.14. The Trustee shall not be responsible for acting upon any resolution passed at a Meeting of the Unitholders in respect of which minutes shall have been made and signed even though it may be subsequently 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 binding upon all the Unitholders, PROVIDED that nothing in this Clause 10.1 shall be construed to relieve the Trustee from an obligation to exercise due care and diligence in carrying out its obligation as Trustee or to relive the Trustee from liability for any breach of trust.

27.15. With the exception of the selection of Investments and except as otherwise set out herein, the Trustee covenants that effective control over the affairs of this Fund shall be vested in the Trustee and will be independently exercised by the Trustee on behalf of the Unitholders.

27.16. The Trustee undertakes to notify the Commission of any proposed change in the management of the Fund during the entire period of existence of the Fund.

27.17. PROVIDED that nothing in this Clause 10.1 shall have the effect of exempting the Trustee from or indemnifying it against liability for breach of trust or breach of the provisions of this Trust Deed where it fails to exercise the degree of care and diligence required of it as Trustee.

28. Duties of the Trustee

28.1. The Trustee shall:

28.1.1 ensure that the sale, issue, repurchase or cancellation, as the case may be, of participatory interests in the Fund is carried out in accordance with the Investments and Securities Act, SEC Rules and Regulations and this Trust Deed;

28.1.2 ensure that the selling or repurchase price or participatory interests is calculated in accordance with the Investments and Securities Act, SEC Rules and Regulations and this Trust Deed;

28.1.3 act at all times in the interest of and for the benefit of the Unitholders;

28.1.4 verify that, in transactions involving the Deposited Property, any consideration is remitted to it within time limits which are acceptable market practice in the context of a particular transaction;

28.1.5 verify that the income accruals of the Fund are applied in accordance with the Investments and Securities Act, SEC Rules and Regulations and this Trust Deed;

28.1.6 enquire into and prepare a report on the administration of the Fund by the Fund Manager during each annual accounting period, in which it shall be stated whether the Fund has been administered in accordance with the provisions of the Investments and Securities Act and this Trust Deed;

28.1.7 send the report referred to in Clause 28.1.6 of this Trust Deed to the to the Fund Manager in good time to enable the Fund Manager include a copy of the report in its annual report;

28.1.8 ensure that there is legal separation of the Deposited Property held in trust and that the legal entitlement of the Fund and/or the Unitholders to the Deposited Property is assured;

28.1.9 ensure appropriate internal control systems are maintained and that records clearly identify the nature and value of the Deposited Property held in trust, the ownership of each Investment and the place where documents of title pertaining to each Investment are kept;

28.1.10 satisfy itself that every income statement, balance sheet or other return prepared by the Fund Manager in terms of section 169 of the Investments and Securities Act fairly represents the assets and liabilities, as well as the income and distribution, of the Fund;

28.1.11 ascertain that the monthly and other periodic returns/reports relating to the Fund are sent by the Fund Manager to the Commission;

28.1.12 monitor the Register of the Unitholders;

28.1.13 generally monitor the activities of the Fund Manager and the Custodian on behalf of the Unitholders; and

28.1.14 generally comply with the duties outlined in Rule110(1) of the SEC Rules and Regulations.

28.2. The Trustee may request that the Fund Manager shall submit to the Trustee, any book or document or information relating to the administration of the Fund by the Fund Manager, which is in its possession or at its disposal, and which the Trustee may consider necessary to perform its functions, and no person shall interfere with the performance by the Trustee of its functions under the Investments and Securities Act, SEC Rules and Regulations and this Trust Deed.

28.3. Whenever it becomes necessary for the Trustee to enforce the terms and conditions of this Trust Deed due to a breach, the Trustee shall do so within fifteen (15) working days and shall inform the Commission not later than ten (10) working days after becoming aware of the breach.

30. Indemnities, Rights and Discretion of Fund Manager

30.1. Without prejudice to any indemnity allowed by law or elsewhere herein given to the Fund Manager, the following provisions shall apply:

30.2. The Fund Manager and the Registrar shall not be responsible for the authenticity of any form of application, endorsement or other documents affecting the title to or transmission of Units; or be in any way liable for any forged or unauthorised signature on or a seal affixed to such endorsement, transfer or other document; or for acting on or giving effect to any such forged or unauthorised signature or seal affixed, PROVIDED that they have exercised due care and diligence in examining the signature and/or document.

30.3. The Fund Manager and the Registrar shall not incur liability in respect of any action or omission by them in good faith in reliance upon any notice, resolution, direction, consent, certificates, affidavit, statement, certificate of stock, plan or scheme of reorganisation or other paper or document believed to be genuine and to have been passed, sealed or signed by the proper parties.

30.4. The Fund Manager shall not be liable to the Unitholders for doing or failing to do any act or thing which by reason of any provision of any present or future law or regulation made pursuant thereto or of any decree, order or judgment of any court or by action (whether of binding legal effect or not) which may be taken or made by any person or body acting with or purporting to exercise the authority of any government (whether legally or otherwise) where the Fund Manager shall be directed or requested to do or perform or to forbear from doing or performing any act or thing.

30.5. The Fund Manager shall be entitled to require that the signature of any Unitholder or joint Unitholder to any document required to be signed by such Unitholder under or in connection with this Trust Deed be verified by a banker or broker or other responsible person or otherwise authenticated to their reasonable satisfaction.

30.6. The Fund Manager shall in no way be liable to make any payment hereunder to any person except out of the monies of the Fund set aside for that purpose under the provisions of the Trust Deed.

30.7. If for any reason it becomes impossible or impracticable to carry out any of the provisions of this Trust Deed, the Fund Manager shall not be under any liability or thereby incur liability for any error of law in the absence of fraud or negligence or breach of duty in connection with any matter or thing done or suffered to be done or omitted to be done by them in good faith hereunder, PROVIDED that nothing in this clause may be construed as exempting the Fund Manager from, or indemnifying the Fund Manager against, liability for breach of trust arising from any fraudulent or negligent act or omission on its part or any other breach of duty hereunder.

30.8. The Fund Manager shall not be under any liability except such liability as may be expressly assumed by it under this Trust Deed or imposed by law, nor shall the Fund Manager (save as herein otherwise appears) be liable for any act or omission of the Trustee or for anything except its own breach of duty hereunder

30.9. Subject to the provisions of this Trust Deed, the selection of all Investments, whether partly paid or not, and the retention of cash shall be the sole responsibility of the Fund Manager, who shall exercise due diligence and prudence in its selection process, having due regard for the Investment Policy in such selection.

30.10. The Fund Manager shall be entitled, subject to the express written consent of the Trustee, to delegate to any person, firm or corporation, upon such terms and conditions as it may think fit, all or any of its powers and discretion in relation to the selection, acquisition, holding and realisation of investments and the application of any monies forming part of the Deposited Property. PROVIDED that the Fund Manager shall remain liable hereunder for any act or omission of any such person, firm or corporation in relation to the exercise or non-exercise of any powers or discretion so delegated as if the same were an act or omission of the Fund Manager.

31. Duties of the Fund Manager

The Fund Manager shall have the following duties:

31.1. selection and management of the portfolio of Investments in accordance with this Trust Deed;

31.2. preparing periodic accounting records of the Fund in accordance with the Investment and Securities Act and the applicable rules issued by the Commission from time to time and ensuring that such returns/reports are filed with the Commission on a timely basis;

31.3. keeping of books of accounts and proper records in relation to the Fund;

31.4. filing monthly and other periodic returns / statutory reports with the Commission, the Trustee, the Registrar and the Unitholders;

31.5. organising the Meetings of the Fund;

31.6. representing the interest of the Fund in both the national and the global market;

31.7. complying with the Investments and Securities Act, SEC Rules and Regulations and this Trust Deed;

31.8. avoiding conflicts of interest between the Fund Manager and the Fund;

31.9. disclosing the interests of its directors and management in the Fund to the Unitholders;

31.10. approving the guidelines, policies and procedures for managing conflict of interest on Related Party Transactions for the Fund subject to the Advisory Board's consideration and vetting;

31.11. ensuring that adequate financial resources are available to meet the Fund's financial obligations;

31.12. organising and controlling the Fund in a reasonable and responsible manner expected of a Fund Manager;

31.13. employing adequately trained staff and ensuring that they are properly supervised;

31.14 establishing well-defined internal compliance procedures and risk management policies;

31.15. displaying the Fund's annual reports on its website and promoting investor education;

31.16. exercising due diligence in ensuring the maintenance of the Deposited Property and ensuring that there is no avoidable deterioration in its value; and

31.17. recording the details of its decision-making process in buying or selling assets that will form a part of the Deposited Property together with the justifications for such decisions and forwarding the same quarterly to the Trustees.

40. Auditor

40.1. The Auditor shall be appointed by The Fund Manager with the approval of the Trustee. The auditor shall be a person who is qualified for appointment as an auditor of a company under Section 403 of the Companies and Allied Matters Act and is registered as such with the Commission.

40.2. Within 30 (thirty) days of the date of appointment of the Auditor, the Fund Manager shall apply to the SEC for approval of the appointment of the Auditor; and the SEC may at any time withdraw its approval of the appointment of an Auditor.

40.3. Any Auditor appointed may be removed by the Fund Manager with the written approval of the Trustee by giving 30 (thirty) days' written notice to the Auditor.

40.4. The remuneration of the Auditor shall be fixed by the Fund Manager.

40.5. The Auditor of the Fund may resign its office by serving a 30 (thirty) days' notice in writing to that effect at the registered office of the Trustee and any such notice shall operate to determine its office on the date on which notice is received or on such later date as may be specified therein.

40.6. The Auditor's notice of resignation shall not be effective unless it contains either:

(a) a statement to the effect that there are no circumstances connected with its resignation which it considers should be brought to the notice of the Unitholders of the Fund; or

(b) a statement setting out the circumstances connected with its resignation which it considers should be brought to the notice of the Unitholders of the Fund.

40.7. Where a notice under this section is served at the Trustee' registered office, the Trustee shall within 14 (fourteen) days send a copy of the notice to the Fund Manager.

40.8. Upon the removal or resignation of the Auditor, the Fund Manager shall by writing under its seal, with the approval of the Trustee and subject to the approval of the SEC, appoint some other qualified firm to be the new Auditor and such firm shall enter such agreement or agreements as the Fund Manager deems it necessary or desirable to be entered in order to secure the due performance of its duties as Auditor. The Auditor shall be a person who is qualified for appointment as an auditor of a company under Section 403 of the Companies and Allied Matters Act and is registered as such with the SEC.

41. Duration and Termination of the Trust

41.1. The Trust constituted by this Trust Deed shall be for a period of 99 (ninety-nine) years, subject only to the provisions for termination as are herein contained.

41.2. The Trustee or Fund Manager shall, subject to the approval of the other party, have the discretion to terminate the Trust by issuing no less than 6 (six) months' notice thereof in writing to the other as well as to the Unitholders of the Fund and the Commission.

41.3. The Trust may be terminated upon notice by the Trustee in writing to the Fund Manager, Unitholders of the Fund and the Commission in any of the following events:

(a) if the Fund Manager ceases to carry on business and no new Fund Manager can be appointed; or
(b) if the Trust becomes illegal or if, in the reasonable opinion of the Trustee, it is impracticable or inadvisable to continue the Trust.

41.4. The Trust may at any time be terminated by a Special Resolution of the Unitholders at a Meeting of the Fund, duly convened and held in accordance with the provisions contained herein. Such termination shall take effect no less than 6 (six) months from the date on which the said Special Resolution is passed, or on such later date (if any) as the said Special Resolution may provide.

41.5. The Trust may be duly terminated by the Commission where any of the activities of the Trust is outside the ambit of permissible activities as provided for by the Investments and Securities Act, any relevant regulations enacted thereunder or any other applicable laws, or where the Commission's approval of the Fund is withdrawn.

41.6. The Fund Manager may, by notice to the Commission, Unitholders and the Trustee terminate the Fund if in the opinion of the Fund Manager, the value of the Fund's Deposited Property is insufficient to justify the continued operation of the Fund or if, due to a change in law or other circumstance deemed appropriate by the Fund Manager, the continued operation of the Fund is no longer justified.

41.7. In the event of termination, the liquidation of the Fund and redemption of the Units will be satisfied solely out of the Deposited Property of the terminated Fund, without recourse to the assets of any other constituent Fund or the assets of the Fund Manager.

42. Procedure after Termination of the Trust

Subject to the provisions of Rule 453 of the SEC Rules and Regulation, upon the Trust being terminated, the Trustee shall proceed as follows:

42.1. in conjunction with the Fund Manager, procure the sale of all investments remaining as part of the Deposited Property and pay therefrom all liabilities properly payable. Such sale shall be carried out in the best interest of the Unitholders, in such manner and within such period after the termination of the Trust as the Trustee and the Fund Manager deems fit.

42.2. distribute or effect the distribution to the Unitholders, in proportion to their Units, of all net cash proceeds derived from the realisation of the Deposited Property available for the purpose of such distribution. The Trustee may request for any additional information/document for the purpose of making such terminal distribution. PROVIDED THAT the Trustee shall be entitled to retain out of any monies in its hands as part of the Deposited Property a provision for all costs, charges, expenses, claims and demands incurred or made by the Trustee in connection with or arising out of the termination of this Trust and out of the monies so retained to be indemnified against any such costs, charges, expenses, claims and demands.

42.3. comply with the provisions of Rule 453 of the SEC rules in respect of the report to be submitted to the Commission upon completion of the termination.

42.4. keep the unclaimed money (if any) in an interest-yielding account for the purpose of meeting the investor's claims.

13.2 EXTRACTS FROM THE CUSTODY AGREEMENT

2. Appointment of the Custodian

a) The Fund Manager, with the approval of the Trustee and the SEC hereby appoints the Custodian to act as the custodian of the Fund.

b) The Custodian agrees to provide custodial services to the Fund Manager in accordance with the provisions of this Agreement and shall have general responsibility for the safekeeping of the Assets received under the terms of this Agreement whether received directly by it or via any sub-custodian appointed by the Custodian for this purpose and the Custodian shall not part, and hereby undertakes that any sub-custodian shall not part, with possession of the Assets otherwise than in accordance with the terms of this Agreement.

c) The service level agreement attached hereto as Schedule A (the "Service Level Agreement") will govern the manner in which the Custodian undertakes its responsibilities under this Agreement. The Custodian warrants that the Service Level Agreement has been drafted to ensure that the Custodian's procedures conform to the Guidelines from time to time. The Service Level Agreement may therefore be amended from time to time by agreement of the Parties subject to the approval of the SEC to keep it in conformity with any evolution in operational practice, the requirements of any laws that may be enacted in relation to tasks to be undertaken by the Custodian under this Agreement in compliance with relevant Guidelines or other requirements of the CBN, the SEC and any regulatory authorities having oversight over custodianship issues. The Parties agree that the Service Level Agreement constitutes an integral part of this Agreement provided that the provisions of the Service Level Agreement will be construed and operated subject to the provisions of this Agreement which provisions shall take precedence in the event of any inconsistency between those provisions and the terms of the Service Level Agreement.

d) The Custodian's role shall also include all of the functions prescribed, and the obligations imposed, by Rules 455 and 456 of the SEC Rules and Regulations.

6. Undertakings and Agreements of the Custodian

The Custodian hereby undertakes and agrees that so long as it is the custodian of any Assets:

a) Charges/Liens
The Custodian shall not subject the Assets to any right, charge, security, interest, right of recoupment, lien or claim of any kind, including claims from any creditor of the Custodian, except a reasonable claim agreed to by the Fund Manager for the payment of fees to the Custodian for the safe custody and administration of the Assets. The Custodian shall not loan, hypothecate, pledge or otherwise encumber any of the Assets.

b) Records
Adequate and accurate records shall be maintained by the Custodian in identifying the Assets as belonging to the Fund/Trustee. Such records shall include, with respect to the Account (and any sub-account):

(i) journals or other records of original entry containing an itemized daily record in detail of all receipts and deliveries of Securities (including certificate numbers, if any) or other assets.

(ii) ledgers (or/other records) reflecting:

- Securities or other Assets in transfer;
- Securities or other Assets in physical possession or held via central depositories, registers or other such systems;
- any property loaned (together with a record of the collateral therefore and substitutions of such collateral);
- dividend and interest received;
- dividend receivable and interest accrued; and

(iii) Such other books and records as the Fund Manager shall reasonably request.

c) Reports
The Custodian shall supply to the Fund Manager a report no more than 5 (Five) Business Days following the completion of any transaction involving the Assets held on its behalf and, in

addition, at least monthly, a written statement which:

1 lists Assets held for the Fund/Trustee;
2 identifies the entity having physical possession of such Assets; and
3 details all transactions involving the Account from the date of the last written statement, including all transfers to or from the Account.

Such reports shall also include any other information which the Fund Manager shall reasonably request or any other information which the Custodian is required to provide under any relevant law.

d) Notices of Changes

The Custodian shall notify the Fund Manager immediately within 24 hours in writing if

1 the Custodian becomes aware of any claim against the Assets other than a claim for payment of safe custody, administration or supervisory fees permitted by this Agreement;
2 the Custodian shall otherwise fail to comply with any of the provisions of this Clause 6; or
3 any of the representations and warranties contained in Clause 5 (a) and (b) of this Agreement shall cease to be true and correct.

e) Transferability

There shall be no restrictions on the transferability of beneficial ownership of the Assets in the custody of the Custodian.

f) Insurance

The Custodian shall maintain adequate policies of insurance which shall cover any loss to the Assets resulting from theft, fire, flood, natural catastrophe and the like and shall also maintain fidelity insurance in respect of any wrongful and tortious acts of its personnel and the Custodian shall provide the Fund Manager with evidence of such insurance coverage upon the Fund Manager's request for same.

7. Powers and Duties of the Custodian

a) Delivery, Receipt and Maintenance of Assets

The Custodian shall receive, hold, release and deliver the Assets in accordance with this Agreement,

b) Settlement

The Custodian undertakes to fulfil all obligations related to trades in connection with the Assets, including the settlement of trade instructions, dividends or coupons, the exercising of rights and the amortization or redemption of securities.

c) Release of Assets

No Assets shall be released by the Custodian, in any manner whatsoever, except in accordance with the following subject to applicable regulatory guidelines including the guidelines of the CBN and the SEC:

i) Upon the instruction of the Fund Manager;
ii) In accordance with the provisions of clause 7(c) of this Agreement.

d) Collection

Unless otherwise instructed by the Fund Manager, the Custodian shall with respect to the Assets held for the Trustee/Fund pursuant to this Agreement:

i Collect and deposit all income due or payable including all dividends and interest, whether in cash, securities or otherwise into the Account
ii Present for payment, if necessary, and collect the amounts payable upon all Securities which may mature or be called, redeemed, retired, or which otherwise become payable;
iii in general, attend to all non-discretionary details in connection with the sale, exchange, substitution, purchase, transfer and other dealings with all Securities and Assets pursuant to this Agreement.

e) Receipt of Assets from Fund Manager

The Custodian shall notify the Fund Manager and the Trustee within 24 hours of the receipt of Assets.

f) Registration/Holding of Assets

Assets held by the Custodian in registered form shall be registered in the name of the Custodian, in a manner that would put third parties on notice of the fact that the Assets are being held for another, and inform the Fund Manager and Trustee of any changes made in the registration pursuant to this clause 7(f) of this Agreement. The Assets delivered to the Custodian in bearer form shall be held by the Custodian in that form. The Custodian shall mark all assets or property as required by Nigerian law.

g) Receipt and Disposition of Cash

Unless the Custodian receives the Fund Manager/Trustee's instruction to the contrary, the Custodian is authorized to execute on behalf of and for the Fund Manager's Account, whenever the Custodian deems it appropriate, such ownership certificates and other documents as may be required to obtain the payment of income from the Assets, and thereafter notify the Fund Manager and the Trustee. With respect to the payment for purchase of Assets to be deposited in the Account, the Fund Manager agrees and represents that the money for such Assets purchase will have been deposited into the Account by the Fund Manager, in the necessary currency for such purchase and on the date designated for the purchase. The Fund Manager acknowledges that nothing in this Agreement shall obligate the Custodian to extend credit, grant financial accommodation or otherwise advance monies to the Fund Manager for the purpose of making any such payments or otherwise carrying out any instruction.

h) Voting Rights and Information

The Custodian shall not exercise any voting rights in respect of any Assets held by it pursuant to this Agreement, unless specifically instructed to do so by the Fund Manager. The Custodian will use its best effort to promptly transmit to the Fund Manager all notices and information which the Custodian may receive relating to exchange or tender offers or other rights or offerings, proxies and proxy soliciting materials with respect to Assets held in the Account, and on request of the Fund Manager, all public information, financial reports, and stockholder communications.

i) Payment of Taxes

Unless the Fund Manager otherwise instructs, the Custodian shall pay or cause to be paid from the Account any and all taxes and levies in the nature of taxes imposed on the Assets by any governmental authority and shall provide to the Fund Manager an advice or notification and applicable tax receipts for such payments. Provided that the Custodian shall not sell any of the Assets in order to make such payments without the prior written consent of the Fund Manager. The Custodian shall on demand by the Fund Manager furnish the Fund Manager with proof of such taxes having been paid.

j) Other Information

The Custodian shall provide the Fund Manager and the Trustee with the following:

- its most recent audited financial statements as soon as such statements are prepared;
- a copy of any report on the accounting system and internal accounting controls and procedures used by the Custodian, or any depository in which any Securities are held;
- information regarding the Custodian's policies and procedures as they relate to their custodial activities, the overall regulatory and economic environment in which they operate and any changes in laws or regulations or the Securities, currency or financial markets which may relate to or affect Assets held in the Account; and
- the names and addresses of the governmental agencies or regulatory authorities which supervise or regulate any depository with which securities have been deposited pursuant to this Agreement.

k) Periodic Information

The Custodian shall send to the Fund Manager/Trustee each month through mail or other agreed means of communication an account statement for the Account, evaluated at the closing price of the last working day of the previous month, or where the closing price is not known on the day the statement is prepared the latest known closing price available in the local market. Such account statement will be sent in accordance with the format agreed between the Parties.

- The Custodian shall send a Report on all matters relating to the Assets being held by the Custodian on behalf of the Fund Manager at such intervals as may be determined from time to time by the Fund Manager
- The Custodian shall undertake statistical analysis on the investments and returns on investments with respect to reports to the SEC and to the Fund's Assets in its custody and provide data and information to the SEC at such intervals as may be determined, from time to time by the Fund Manager.
- The Custodian shall render monthly, and quarterly returns/reports to the Fund Manager and file quarterly returns on its activities in the prescribed format to the SEC.

14. Liability of the Custodian/Indemnification/Force Majeure

Liability of the Custodian/Indemnification

a) The Custodian shall be liable for and shall indemnify the Fund Manager for, and hold the Fund Manager harmless from, any loss, damage, cost, judgement, expense or any other liability (including, but not limited to, the Fund Manager's legal fees and expenses and any other legal fees and expenses which the Fund Manager incurs for which the Custodian is otherwise liable) incurred by the Fund Manager relating to or arising directly or indirectly from:

  i) Any loss, destruction or damage to the Assets;
  ii) Any breach of this Agreement by the Custodian including but not limited to any failure by the Custodian to comply with, carry out or otherwise act or refrain from acting in accordance with instructions from the Fund Manager; or
  iii) With respect to any losses not within the foregoing subclauses (i) and (ii), any fraud or wilful misconduct on the part of the Custodian or any failure by the Custodian to exercise, with respect to the Asset, the same high standard of care that the Custodian exercises over its own assets, not less than the standard of care expected of a prudent professional custodian for hire.

b) The Fund Manager shall notify the Custodian of any proceeding or claim for which the Fund Manager may seek indemnity, and the Custodian shall co-operate fully with the Fund Manager with respect to any such proceeding or claim.

c) The Custodian's holding of Assets via a sub-custodian, registry or other third party shall not affect the Custodian's responsibilities or liabilities or in any way relieve the Custodian of its responsibilities and liabilities under this clause 14, and the Custodian shall remain fully liable with respect to such Assets as if it had itself physical possession of or direct control over them.

d) The Custodian shall not be liable for indirect or consequential losses including loss of business, loss of profit, lost time, or goodwill, whether in contract, tort, strict liability, or otherwise. This limitation applies regardless of whether such damages were foreseen or unforeseen.

18. Confidentiality

Subject to the foregoing provisions of this Agreement and subject to any applicable law for the time being in force, the Custodian shall use its best endeavor to maintain the confidentiality of matters concerning the Assets in the Account; unless authorized to make a disclosure by the Fund Manager or where such disclosure is rendered compulsory by legislation or regulation.

19. Choice of Law, Consent to Jurisdiction /Arbitration

<u>Choice of Law</u>
This Agreement shall be governed by and construed in accordance with the substantive laws of the Federal Republic of Nigeria. Nothing contained herein shall require the Custodian to take any action or refrain from taking any action which will cause it to violate any laws of the Federal Republic of Nigeria.

Consent to Jurisdiction/Arbitration

Any dispute arising out of or in connection with this Agreement shall first be referred to the respective authorised representatives of the Parties or their designated nominees. The SEC must be notified of the existence of a dispute within 5 working days of the date of initial reference. If the dispute is not resolved to each Party's satisfaction within 10 (Ten) working days of the date of the initial reference, either Party may refer the dispute to the SEC for resolution. Any party dissatisfied with the decision of the SEC may refer the dispute to the Investments and Securities Tribunal created under Section 274 of the Investments and Securities Act, 2007.

20. Legal Opinion

The Custodian will, where required furnish the Client with an opinion of counsel acceptable to the Client and dated the date hereof to the effect that:

a. The execution, delivery and performance of this Agreement have been duly authorized and do not violate any applicable law or regulation for the time being in force, and do not require the consent of any governmental or other regulatory body except for such consents and approvals as have already been obtained.

b. This Agreement has been duly executed and delivered on its behalf and constitutes a legal, valid and binding obligation, enforceable in accordance with its terms.

21. Data Privacy

21.1 *Compliance with the law.* A Party receiving another Party's Personal Data (as defined under the Nigeria Data Protection Act, 2023 as may be amended, supplemented or replaced from time to time) will comply with applicable Data Protection Law in Processing Personal Data so received in connection with the provision or receipt of Accounts and services under the Agreement.

21.2 Compliance with Data Protection Law. Without limiting the provisions of clause 21.1 (Compliance with law), to the extent that the processing of Personal Data is subject to Data Protection Law: (i) each party is responsible for its own compliance with applicable Data Protection Law; and (ii) the Fund Manager confirms that any Fund Manager Personal Data that it provides to the Custodian has been processed fairly and lawfully and is accurate and is relevant for the purposes for which it is being provided, and the Custodian may rely on the Fund Manager's compliance with such undertaking and, where applicable, assistance from the Fund Manager as basis for processing Personal Data (iii) the Custodian confirms that any processing carried out by the Custodian in accordance with this Agreement will be fair and lawful,

21.3 Security. Manager's Personal use reasonable endeavours to ensure that the Custodian's owner(s), its majority-owned subsidiaries, or similar related entities ("affiliates") and unrelated entities providing services to the Custodian in respect of this Agreement ("third-party service providers") will, implement reasonable and appropriate technical and organisational security measures to protect the Fund Manager's Personal Data that is within its custody or control against unauthorised or unlawful Processing and accidental destruction or loss.

21.4 Purpose limitation. The Fund Manager hereby authorises the Custodian to process the Fund Manager's Personal Data in accordance with these conditions and to the extent reasonably required for the administration of the Assets in accordance with the instruction of the Fund Manager or as required by law for the period of time reasonably necessary for the relevant Permitted Purposes.

21.5 Employee reliability and training. The Custodian will take reasonable steps to ensure the reliability of its employees who will have access to the Fund Manager's Personal Data and will ensure that those employees who are involved in the processing of the Fund Manager's Personal Data have undergone appropriate training in the care, protection and handling of Personal Data.

21.6 *Audit. The Custodian shall provide the Fund Manager with such information as is reasonably requested by the Fund Manager to enable the Fund Manager to satisfy itself of the Custodian's compliance with its obligations under clause 19.3 (Security). Nothing in this clause shall have the effect of requiring the Custodian to provide information that may cause it to breach its confidentiality obligations to third parties.*

13.3 AUTHORIZATION OF THE PROGRAMME

At a meeting held on 20 March 2024, the Board of Directors of the Fund Manager passed a resolution approving the establishment of the closed-end collective investment scheme to be known as the FSDH Infrastructure Debt Fund ("Fund"). The Board of Directors also resolved that the size of the Fund would be ₦200,000,000,000.00 (Two Hundred Billion Naira).

13.4 INDEBTEDNESS

As of the date of this Shelf Prospectus, the Fund Manager has no outstanding debentures, mortgages, loans, charges or similar indebtedness, except in the ordinary course of business.

13.5 CLAIMS AND LITIGATIONS OF THE FUND MANAGER

As of the date of this Shelf Prospectus, FSDH is currently involved in one (1) suit.

13.6 COSTS AND EXPENSES

The costs, charges, and expenses in respect of any issuance of Units of the Fund under this Programme, including fees payable to the Securities & Exchange Commission, professional parties, brokerage commission and printing and distribution expenses shall be borne by the Fund and offset from the proceeds of the relevant Offer and shall be disclosed in the applicable Supplementary Prospectus relating to the Units of the Fund being issued.

13.7 RELATIONSHIP BETWEEN THE FUND MANAGER, THE TRUSTEE AND THE CUSTODIAN

The Fund Manager, the Custodian and the Trustees do not have any common shareholder or director, and neither is any a subsidiary or holding company of the other.

13.8 RELATIONSHIP BETWEEN THE FUND MANAGER AND ITS ADVISERS

The Fund Manager and the Issuing House have a common ownership through FSDH Holding Company and a common director – Mr. Toyin Owolabi.

13.9 SHAREHOLDING STRUCTURE

As at 31 December 2023, the shareholding structure of the Fund Manager was as follows:

Name of Shareholder	No. of Ordinary Shares Held	%
FSDH Holding Company	2,691,900,000	99.7
Mr. Rilwan Belo-Osagie	8,100,000	0.3
Total	2,700,000,000	100

13.10 OFF-BALANCE SHEET ITEMS

As at 31 December 2023, the Fund Managers had no off-balance sheet Items other than in the ordinary course of business.

13.11 DECLARATIONS

Except as otherwise disclosed in this Shelf Prospectus:

- No share of the Fund Manager is under option or agreed conditionally or unconditionally to be put under option;
- No commissions, brokerages, or other special terms have been granted by the Fund Manager to any person in connection with the Fund or sale of any securities of the Fund Manager;

- Save as disclosed herein, the directors of the Bank have not been informed of any holding representing 5% or more of the issued share capital of the Fund Manager;
- There are no founders' or management or deferred shares or any options outstanding in the Fund Manager;
- There are no material service agreements between the Fund Manager or any of its Directors and employees other than in the ordinary course of business;
- There are no long-term service agreements between the Fund Manager or any of its Directors and employees other than in the ordinary course of business;
- No Director of the Fund Manager has had any interest, direct or indirect, in any property purchased or proposed to be purchased by the Fund Manager in the five years prior to the date of this Shelf Prospectus;
- No prosecution has commenced against the Fund Manager or any of its subsidiaries in respect of any breach of any securities or banking laws or CAMA; and

It is further declared that to the best of knowledge of Directors as at 20 March 2024.

- None of the above is under any bankruptcy or insolvency proceedings in any court of law;
- None of them has been convicted in any criminal proceeding;
- None of them is subject of any order, judgment, or ruling of any court of competent jurisdiction or regulatory body relating to fraud or dishonesty.

13.12 MATERIAL CONTRACTS

The following contracts have been entered into and are considered material to this Offer:

i. A Custodian Service Agreement dated 08 January 2025 between FSDH Asset Management and Zenith Bank PLC to the Fund;
ii. The Programme Trust Deed dated 08 January 2025 between FSDH Asset Management and UTL Trust Management Services Limited under which the Fund was constituted;
iii. Vending Agreement dated 08 January 2025 between FSDH Capital Limited and FSDH Asset Management; and
iv. Other than as stated above, the Fund Manager has not entered into any material contracts in respect of the Programme except in the ordinary course of business.

13.13 CONSENTS

The following individuals have provided and have not withdrawn their written consents to the publication of this Prospectus with their names and reports (where applicable) in the form and context in which they appear:

The Fund Manager	FSDH Asset Management Limited
Directors of the Fund Manager	Folashade Laoye (Chairman/Independent Director) Toyin Owolabi (Managing Director) Folashade Ogunde (Independent Director) Yasmin Belo-Osagie (Non-Executive Director) Kelechi Okoro (Non-Executive Director) Wambui Kinya (Independent Director) Bukola Smith (Non-Executive Director) Nike Ogunjimi (Non-Executive Director)
Company Secretary	Victor Thompson

Issuing House	FSDH Capital Limited
Trustees to the Fund	UTL Trust Management Services Limited
Custodian	Zenith Bank PLC
Registrars	First Registrars & Investor Services Limited
Solicitors to the Fund	Udo Udoma & Belo-Osagie

13.14 MERGERS OR TAKEOVERS

As at the date of this Shelf Prospectus the Directors are not aware of the following during the preceding financial year or current financial year:

- A merger or takeover offer by third parties in respect of the Company's securities; and
- A merger or takeover by the Company in respect of another Company's securities.

13.15 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at the office of the Issuing House FSDH Capital Limited at its business address during normal business hours on any Business Day during the offer period.

- Memorandum and Articles of Association of the Fund Manager, Trustee and Custodian;
- Certificate of Incorporation of the Fund Manager, Trustee and Custodian;
- The resolution of the Board of Directors of the Fund Manager authorising the creation of the Fund;
- The duly executed Shelf Prospectus issued in respect of the Programme;
- The 5-Year Audited financial summary of the Fund Manager;
- The material contracts referred to in page 111;
- The written consents referred to in 111;
- The list of outstanding claim and litigation referred to in 110; and
- The letter of approval of the Fund and registration of Units by the SEC