
INFACREDIT'S GUARANTEE SUPPORTS NORTH SOUTH POWER'S ISSUANCE OF THE FIRST 15-YEAR CORPORATE GREEN INFRASTRUCTURE BOND IN NIGERIA

Lagos, Nigeria: InfraCredit, a 'AAA' rated infrastructure credit enhancement facility backed by the Nigeria Sovereign Investment Authority, GuarantCo (a Private Infrastructure Development Group company), KfW Development Bank and Africa Finance Corporation, is pleased to announce its guarantee of North South Power Company Limited's ("NSP") NGN8.5billion 15-Year 15.60% Series 1 Guaranteed Fixed Rate Senior Green Infrastructure Bonds Due 2034 (the "Series 1 Green Bonds") under a NGN50billion Debt Issuance Programme. NSP is the operator of a 30-year concession on the 600MW Shiroro Hydroelectric Power Plant.

With InfraCredit's guarantee, the Series 1 Green Bonds was accorded a 'AAA' credit rating by Agosto & Co. and Global Credit Ratings Co. and issued on 27th February 2019 as the first certified corporate green bond and the longest tenored (15-year) corporate bond issued in the Nigerian debt capital markets approved by the SEC.

The Series 1 Green Bonds was 160% subscribed with firm commitments from fifteen (15) institutional investors including eleven (11) pension funds and priced at 70 basis point spread to the comparable 15-year sovereign benchmark bond (FGN 2034) using the closing yield on the reference date (04 February 2019) adopted for the book building.

The development of the "Green Bond Framework" and the pre-issuance verifications were obtained through technical assistance support from the African Local Currency Bond Fund (www.alcbfund.com), an initiative of KfW Development Bank.

In a statement, the Executive Vice Chairman and CEO of North South Power Company Limited, Engr. (Dr) Olubunmi Peters noted that the success of the bond issuance is a significant milestone in the company's long-term corporate strategy, demonstrating its market leadership, innovation and commitment to the highest standards of environmental, social and corporate governance. "With the completion of the Series 1 Guaranteed Green Infrastructure Bonds issuance, the company has established a long-envisioned link with a more sustainable long-term, local currency financing required to implement its ambitious strategic power generation expansion plan through the capital markets."

According to the Chief Executive Officer of InfraCredit, Chinua Azubike, "Infrastructure assets like Shiroro Hydroelectric Power Plant generate social, environmental and economic impact, such as contributing to greenhouse gas emissions reduction, revitalising disenfranchised areas, improving access to services and creating employment. Shiroro Hydro is an extremely essential and resilient asset with a 30-year consistent production history. North South Power, with the acquisition of a 30-year concession in 2013, has demonstrated the competence and ability to deliver on its business targets from restoring capacity target to 600MW and a 45 percent increase in power generation".

Chinua Azubike further noted: "We believe that a sustainable and inclusive implementation of the eligible customer framework in a manner that generates economic benefits for all stakeholders will accelerate the industry's strategic growth. With the success of this first-in-kind transaction, InfraCredit has further demonstrated its pioneering commitment to promoting financial inclusion, by bringing North South Power, a

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first-time issuer to the domestic bond market; financial deepening, by extending bond tenors for corporates to 15 years while broadening the pension fund investor base; and financial innovation, by introducing ‘corporate green bonds’ a new fixed income instrument in the Nigerian corporate bond market”.

Fund Manager, African Local Currency Bond Fund, James Doree commented: “The first corporate green bond in Nigeria, issued by North South Power and supported by InfraCredit, sets a benchmark for the domestic and regional capital market. North South Power’s ongoing investments in the Shiroro power station since [2013](#) have restored nameplate capacity, with minimal environmental impact, and NSP is now able to generate more than 2,000 GWh on an annual basis. Based on its contribution to the energy mix of the Nigerian grid, NSP is estimated to be able to reduce absolute GHG emissions for Nigerian energy production by more than 900 MtCO_{2e}, compared to the average national energy mix.”

The Series 1 Green Bonds were certified by TUV NORD CERT (www.tuv-nord.com), an approved verifier under the Climate Bonds Standard, in conformance with the International Capital Market Association’s (ICMA’s) Green Bond Principles, Nigerian Federal Ministry of Environment’s Nigerian Green Bond Guidelines, and the Green Bonds Issuance Rules of the Nigeria Securities & Exchange Commission.

USAID Power Africa (www.usaid.gov/powerafrica) supported North South Power with the technical due diligence on the plant in connection with the transaction.

The proceeds of the Series 1 Green Bonds will fund the overhaul of a 150MW hydropower turbine and fund replacement of the company’s current short term (naira and dollar denominated) bank facilities with long-term local currency debt, thereby eliminating the currency and tenor mismatch in the company’s funding structure.

United Capital acted as Lead Issuing House/Bookrunner, with Stanbic IBTC Capital, Vetiva and Zenith Capital (Nigeria) as Co-Issuing Houses and Bookrunners for the transaction.

This announcement is for information purposes only. No money, securities or other consideration is being solicited, and, if sent in response to the information contained herein, will not be accepted.

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Note to the Editor

About InfraCredit

InfraCredit is a 'AAA' rated infrastructure credit enhancement facility backed by the Nigeria Sovereign Investment Authority, GuarantCo (a Private Infrastructure Development Group company), KfW Development Bank and Africa Finance Corporation to provide local currency guarantees to enhance the creditworthiness of debt issues by infrastructure assets in Nigeria that conform with its eligibility criteria. InfraCredit's guarantees act as a catalyst to attract the investment interest from pension funds, insurance firms and other long-term investors, thereby deepening the Nigerian debt capital markets. InfraCredit operates on a commercial basis and benefits from private sector governance.

For more information please visit www.infracredit.ng

About NSP

North South Power Company Limited (NSP) is a company established to own and operate a diverse and growing portfolio of electricity generation businesses across Africa. The company is the operator of a 30-year concession on the 600MW Shiroro Hydroelectric Power Plant located in Niger State, Nigeria.

With over 300 employees and over 50 years of combined management experience, NSP is committed to lighting up Africa by providing sustainable, clean and efficient energy to over 50 million customers over the next decade. For more information please visit www.northsouthpower.com

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