



Trade Finance Note Investment Memorandum



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AFEX INVESTMENT LIMITED (AFIL)**(INCORPORATED WITH LIMITED LIABILITY IN THE FEDERAL REPUBLIC OF NIGERIA)****₦500,000,000****TRADE FINANCE NOTE ISSUANCE**

AFEX Investment Limited ("AFIL", the "Issuer" or the "Company"), a private limited liability company incorporated in Nigeria, has established this ₦500,000,000 (Five hundred million Naira) Trade Finance Note Issuance under which AFIL is issuing Trade Finance Notes (the "Notes"), denominated in Nigerian Naira or in such other currency as may be agreed between the Issuer and subscribers to the Note subject to the terms and conditions ("Terms and Conditions") contained in this Investment Memorandum.

The Note (as defined under the Terms and Conditions) will be issued in such amounts, and will have such rates, period of maturity and other terms and conditions as set out in the Pricing Supplement (the "Applicable Pricing Supplement"). The maximum aggregate nominal amount of all Trade Finance Notes from time to time outstanding under this Issuance shall not exceed ₦500,000,000 (Five hundred million Naira).

This Programme Memorandum is to be read and construed in conjunction with any supplement hereto and all documents which are incorporated herein by reference, together with the Applicable Pricing Supplement. This Programme Memorandum shall be read and construed on the basis that such documents are incorporated and form part of this Programme Memorandum.

The Trade Finance Notes will be issued in dematerialised form, registered, and listed on the AFEX Commodities Exchange Limited ("AFEX") Platform in accordance with its rules, guidelines and such other regulation as prescribed by AFEX from time to time.

This Programme Memorandum and the Applicable Pricing Supplement shall be the sole concern of the Issuer and the party to whom this Programme Memorandum and the Applicable Pricing Supplement is delivered (the "Recipient") and shall not be distributed by the Recipient to any other parties nor shall any offer made on behalf of the Issuer to the Recipient be capable of renunciation and assignment by the Recipient in favour of any other party. In the event of any occurrence of a significant factor, material mistake or inaccuracy relating to the information included in this Programme Memorandum, the Issuer will prepare a supplement to this Programme Memorandum.

THIS INVESTMENT MEMORANDUM IS DATED JULY 19, 2022

GLOSSARY OF DEFINED TERMS

In this Investment Memorandum, unless otherwise stated or clearly indicated by the context, the words in the first column shall have meanings stated opposite them in the second column and words in the singular shall include the plural and vice versa. Words importing natural persons shall include incorporated persons and an expression denoting any gender shall include the other genders:

“Business Day”	Any day except Saturdays, Sundays and public holidays declared by the Federal Government of Nigeria
“Buyer”	This is the party in the transaction that is purchasing the commodity underlying an agreement
“CGT”	Capital Gains Tax as provided for under the Capital Gains Tax Act Cap C1, LFN 2004
“CITA”	Companies Income Tax Act Cap C21, LFN 2004 (as amended by the Companies Income Tax Amendment Act No 11 of 2007, and the Finance Acts of 2019 and 2020, respectively)
“Compliance Standard”	This is a set of rules guiding the quality parameters of the items imported into a country or geographical jurisdiction
“Conditions” or “Terms and Conditions”	Terms and conditions, in accordance with which the Notes will be issued, set out in the section of this Investment Memorandum headed “Terms and Conditions of the Notes”
“Default Date”	The date on which the written notice of the Event of Default is served to the Issuer
“Default Rate”	This is the rate at which the issuer will be charged for subsequent beyond the default date. It is defined to be at the rate at which the instrument is issued.
“HS Code”	This is a set of codes used to denote goods traded globally
“Issuance”	The establishment of a ₦500,000,000 trade finance note issued being undertaken by the Issuer as described in this Investment Memorandum, pursuant to which the issuer may issue the Notes
“Issue Price”	The price at which the Notes are issued, as specified in the Pricing Supplement
“LFN”	Laws of the Federation of Nigeria
Nigerian Naira”, “NGN”, “₦”	Nigerian Naira
“Noteholders”	These are the subscribers to the notes issued under the Issuance and recorded as such in the Register maintained by the Exchange in accordance with the terms and conditions of the Issue.
“Off-taker”	This is a person with the obligation to purchase an underlying asset in an Offtake Contract
“Off-take Contract”	This is a contractual agreement signed between two companies which assures the seller of the purchase of the item underlying the contract
“PITA”	Personal Income Tax Act Cap P8, LFN 2004 (as amended by the Personal Income Tax Amendment Act 2011, and the Finance Acts of 2019 and 2020, respectively)
“Pricing Supplement”	The Pricing Supplement applicable to a the Notes issued together with the Investment Memorandum under the Issuance

“Redemption Date”

The date specified in the applicable Pricing Supplement on which any instrument issued thereunder matures and is to be redeemed

“Register”

The record maintained by the Exchange detailing amongst others, the particulars of Noteholders, nominal amount of the instruments held by each Noteholder and all subsequent transfers and changes in ownership of the instruments

“SEC”

The Securities and Exchange Commission

“Seller”

These are individual farmers, traders or companies that are involved in the trading of the commodity underlying an agreement

“VAT”

Value Added Tax as provided for in the Value Added Tax Act, CAP VI, LFN 2004 (as amended by the Value Added Tax Amendment Act No 12 of 2007, and the Finance Acts of 2019 and 2020, respectively)

“WHT”

Withholding Tax as provided for in section 78 of CITA and section 70 of PITA

IMPORTANT NOTICE

The document is important and should be read carefully. If you are in any doubt about its content or the action to take, kindly consult your Stockbroker, Accountant, Banker, Solicitor or any other professional adviser for guidance immediately.

This Programme Memorandum contains information provided by the Issuer about the Trade Finance Programme under which the Issuer may issue the aggregate amount of N500,000,000. The Notes shall be issued subject to the Terms and Conditions contained in this Programme Memorandum. The Issuer shall not require the consent of the Noteholders for the issue of Notes under the Programme.

The Issuer, having made all reasonable enquiries, confirms that this Programme Memorandum contains or incorporates all information which is reasonably material in the context of the Non-Interest Input Finance Programme and the offering of the Notes, that the information contained in this Programme Memorandum and the Applicable Pricing Supplement is true and accurate in all material respects and is not misleading and that there are no other facts the omission of which would make this document or any of such information misleading in any material respect.

Notes issued under the Programme shall be restricted to Qualified Institutional Investors and Eligible Individual Investors. No person has been authorised by the Issuer to give any information or to make any representation not contained or not consistent with this Programme Memorandum or any information supplied about the Trade Finance Programme and if given or made, such information or representation must not be relied upon as having been authorised by the Issuer.

Neither this Programme Memorandum nor any other information supplied about the Non-Interest Input Finance Programme is intended to provide a basis for any credit or other evaluation or should be considered as a recommendation or the rendering of investment advice by the Issuer that any recipient of this Programme Memorandum should purchase any Notes.

Each person contemplating purchasing any Investment product should make its own independent investigation of the financial condition and affairs, and its own appraisal of the credit worthiness of the Issuer and the underlying transaction. Neither this Programme Memorandum nor any other information supplied in connection with the Non-Interest Input Finance Programme constitutes an offer or invitation by or on behalf of the Issuer to any person to subscribe for or to purchase any Notes.

The Notes described herein are issued on and subject to the Terms and Conditions as amended and/or supplemented by the Terms and Conditions contained in this Programme Memorandum. To the extent that there is any conflict or inconsistency between the contents of this Programme Memorandum and any other document, the provisions of this Programme Memorandum shall prevail. In the event of any occurrence of a significant factor, material mistake or inaccuracy relating to the information included in this Programme Memorandum, the Issuer will prepare a supplement to this Programme Memorandum or publish a new Programme Memorandum for use in connection with any subsequent issue of the Notes.

The delivery of this Programme Memorandum does not at any time imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof [July 19, 2022]. Investors should review, among other things, the information provided by the Issuer concerning this program prior to taking any investment decision.

BACKGROUND

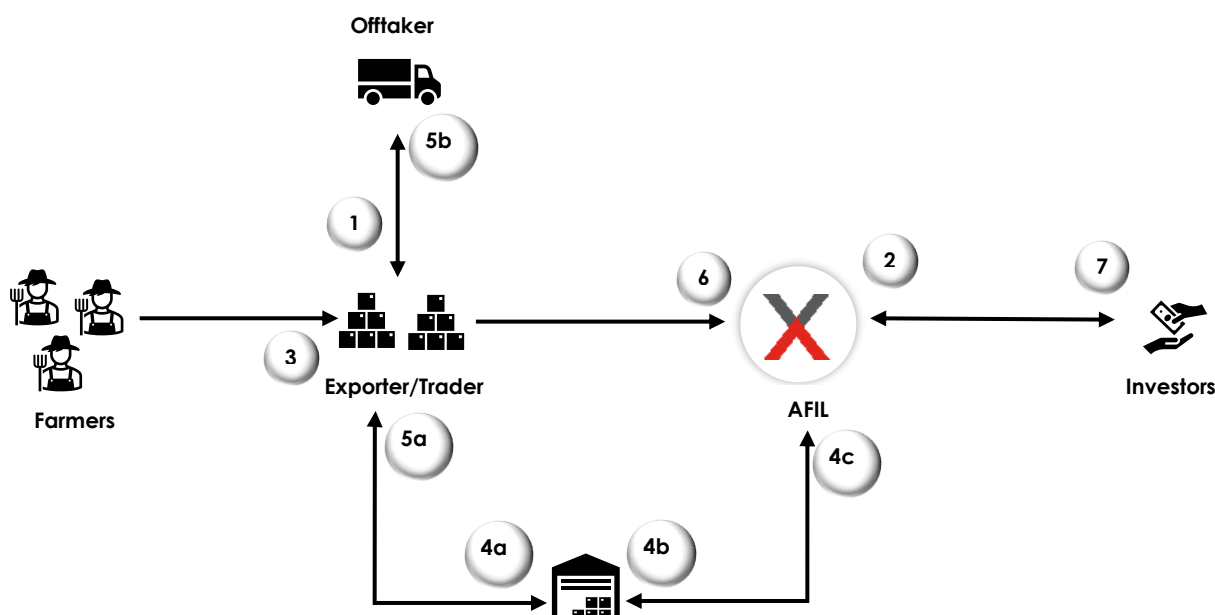
The agricultural commodities market in Nigeria has evolved over the years with significant expansion in the volume and value of traded commodities. To put into perspective, total agricultural export in 2021 hit at N504 billion representing a 57% (NBS 2022) growth over the 2020 value of N321 billion. This makes agriculture the second largest export sector in the non-oil category. In recent years, international buyers of key commodities such as Sesame, Cashew, Cocoa, Ginger, etc. have deepened their interests in the domestic markets, further expanding the export opportunities available for domestic producers and aggregators.

On a commodity-by-commodity basis, cocoa, ginger and sesame are the most traded commodities within the international scene. In 2021, Cocoa, Sesame and Ginger exports reached N86billion, N58billion and N8billion (NBS 2022) respectively with trades routed to Europe and Asia predominantly. Fundamentally, the demand drivers of these commodities, vis-à-vis the pharmaceutical, therapeutic and its use in the development of spices in many Asian countries position the commodity in the order of export crops in Nigeria.

Notwithstanding the huge potential of this market, the export of commodities out of the country witnesses a dearth of financing as most financial institutions lack the requisite skills to evaluate the risk elements tied to the transactions. In addition, the lack of adequate infrastructure to mitigate the risks inherent in the transactions and ensure the safe recovery of principal invested in the transactions.

TRADE FINANCE NOTES

The Trade Finance Note is designed to be a fixed income instrument with ranging from between 90 and 365 days. The instrument seeks to provide the crucial life-line in form of pre-export financing to exporters of commodities and ensure that these exporters are able to fulfil the export contracts they have.



S/N	Description	Parties
1	The exporter and the Off-takers sign a forward contract and agree on the terms of the export contracts.	Exporter & Off-takers
2	On the back of the aggregated and validated forward contracts, AFIL issues a trade finance note to raise structured capital on AFEX Commodities Exchange from the capital market. Investors subscribe to the note and proceeds of the notes are domiciled with the custodian.	AFIL and Investors
3	The exporter then leverages on the networks of farmers to aggregate the export commodities. The commodities are stored under collateral management in AFEX accredited warehouses.	Exporter, farmers and collateral manager
4a, 4b and 4c	Once the exporter deposits the commodities at the warehouse, the collateral manager issues an electronic warehouse receipt (eWHR) for the value of the commodities deposited by the exporter. Subsequently, AFIL will provide cash to the exporter based on the financing agreement.	Exporter, Collateral Manager and AFIL.
5a and 5b	At delivery, AFIL approves the withdrawal of the commodities based on the delivery terms of the export contract	AFIL, exporter and Off-taker
6.	Upon payment, the exporter pays AFIL the principal and the return as agreed in the financing agreement.	Exporter and AFIL
7.	AFIL pays back investors the face value of their instruments, fulfilling the obligations on the instrument.	AFIL and Investors

RISK FACTORS

The transaction is faced with several risks, ranging from the default risk on the part of the off-taker, logistics risk involved in the shipment of the goods from Lagos to Europe and the quality risks attached to the commodities traded.

S/N	Risk	Description
1	Counter Party Risk	Counterparty risk refers to risk of default by the Off-taker. The default could be in relation to payment of monies, or performance of a contractual obligation, resulting in a possible loss for the Noteholders. This risk is mitigated by ensuring that the contracts are valid and emanate from buyers that have been reviewed and deemed to be credible.
2	Dilution Risk	Dilution risk refers to risk that the amount that may be payable by the Off-taker on a trade receivable will be less than the invoiced amount(s). Dilution may arise due to a variety of reasons including poor quality of commodity or deviation from contract specifications. Goods deposited at the accredited warehouses are graded and ensure they meet contract specification before acceptance as collateral for

		financing. Best practices are also ensured during shipment to Off-takers.
3	Logistics Risk	The logistic risk inherent in this transaction is basically associated with the probability of accidents during transit. This risk is however mitigated with the purchase of adequate insurance packages necessary to underwrite the probability of accidents. In the event of accidents or similar occurrence, the underwriter will cover for the losses incurred to the tune insured by the aggregating entity involved in the transaction.
4.	Commodity Risk	The commodity risk is associated with the integrity of the commodity underlying the instrument. This risk is covered by the collateral manager which ensures and guarantees that this risk is eliminated.

USE OF PROCEEDS

The net proceeds from each issue of Notes under the Issuance will be used solely to support the aggregation and trade of commodities to the Off-taker(s), or as may otherwise be specified in the Pricing Supplement.

OVERVIEW OF TRANSACTION PARTIES

AFEX INVESTMENT LIMITED

AFIL is a private limited company incorporated under the laws of the Federal Republic of Nigeria, with its registered office at Yobe Investment House, Plot 1332 Ralph Shodeinde Street, Central Business District, Abuja, Nigeria.

AFIL is an investment vehicle whose purpose is to create value for its investors by offering access to the agricultural commodities sector. The company is part of a unique project, which seeks to improve financial participation within agriculture in Nigeria, by leveraging on innovative financial structures that provide investors with an optimal return, whilst also creating social impact.

AFIL offers to institutional investors (such as pension funds, asset managers, other financial institutions, and family homes) the opportunity of investing in the agriculture sector through a customised portfolio.

The activities of AFIL will generally be limited to carrying on the business of entering into financial transactions, including but without limitation to securitising, purchasing, acquiring, holding, collecting, discounting, financing, negotiating, managing, selling, disposing of and otherwise trading or dealing directly or indirectly in agricultural backed assets of whatsoever nature (including, without limitation, securities, instruments or obligations of any nature whatsoever, howsoever described and derivatives, financial

assets of whatsoever nature howsoever described and trade accounts, receivables and book debts of whatsoever nature howsoever described and foreign currencies) and any proceeds arising therefrom or in relation thereto and any participation or interest (whether legal or equitable) therein and any certificates of participation or interest (whether legal or equitable) therein and any agreements in connection therewith.

Board of Directors AFIL

S/N	Board member	Position
1	Mobolaji Adeoye	Chairman
2	Ayodeji Balogun	Director
3	Adekunle Adesuyi	Director
4	Akinyinka Akintunde	Director
5	Samirah Ade-Adebiyi	Managing Director

COLLATERAL MANAGER – AFEX COMMODITIES EXCHANGE LIMITED

AFEX is the Collateral Manager for the Transaction (please see transaction overview section of this document). AFEX's mission is to enable the transition from production to transaction for agricultural commodities. Since its establishment in 2014, AFEX has developed and deployed a viable commodities exchange model for the West African market; building a strong supply chain infrastructure to support the securitization of agricultural products.

AFEX oversees 136 warehouses in Nigeria's key grain- producing areas and accounts for over 274,000MT of total national storage capacity. Since 2014, the Exchange has reached over 400,000 farmers and traded over 500,000 MT of commodities with a total turnover of USD41.5million (N14.9billion). In addition, the Exchange has been a credible capital raising platform for players operating in the commodities market. In total, a sum of N70 billion has been raised to finance various participants across the value chain.

The Exchange's mission is to support Nigeria's food security while promoting a fair exchange of value among players throughout the agricultural value chains. To achieve this goal, AFEX looks to introduce products that de-risk the sector, drive financial inclusion for rural communities, develop technology for data collection and market access, and enable the deployment of capital.

Operations

Turnover: c.USD41.5million (N 14.9billion)

Capital Raise: N70.1billion

Volume traded: c.500,000MT

Food crops: Maize, Soybean, Paddy Rice, Sorghum, Ginger, Cocoa, Sesame, Cashew and Wheat

AFEX's national spread of storage infrastructure and outreach coupled with technology and data capabilities (on the agricultural commodities sector) position it uniquely to serve its clients and scale effectively.

TERMS AND CONDITIONS OF NOTES

The following are the Terms and Conditions of the Notes to be issued by the Issuer under the Issuance. The provisions of the Pricing Supplement to be issued in respect of the Notes are incorporated by reference herein and will supplement these Terms and Conditions for the purposes of that Note. The Pricing Supplement in relation to the Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the Terms and Conditions contained herein, replace or modify the following Terms and Conditions for the purpose of such of the Notes.

Issuance of Notes

The Note issued under this agreement are done on the back of valid and binding off-take contracts.

1.0. Form, Denomination and Title

Unless otherwise specified in any Pricing Supplement, the Notes shall be issued in dematerialized form and registered electronically, serially numbered and denominated depending on the investment alternative subscribed to by the investor; and will be sold at such structure as captured in the Pricing Supplement. The Notes issued under this Issuance will be denominated in Naira.

Notes issued will be coupon bearing notes and will payable in line with the coupon stated in the Pricing Supplement.

The coupon payable on the Notes shall be denominated in United States Dollars.

The contract notes issued to each Noteholder be conclusive and binding for all purposes (save in the case of manifest error) and such person named therein shall be treated by the Issuer as the legal and beneficial owner of such aggregate number of Notes for all purposes.

2.0. Status of the Notes

The Notes shall constitute a direct, unconditional, unsubordinated and unsecured obligation of the Issuer and shall rank pari passu among themselves and, save for certain debts preferred by law, pari passu with all other present and future unsecured and unsubordinated obligations of the Issuer outstanding from time to time.

3.0. Redemption

The Notes are only redeemable at maturity and will be redeemed at the face value specified in the applicable Pricing Supplement.

4.0. Payments

The face value of the Notes will be paid to the Noteholders whose names are reflected in the Register as at the close of business on the Redemption Date. The registered Noteholder shall be the only person entitled to receive payments in respect of a Note and the Issuer will be

discharged by payment to, or to the order of, the registered Noteholder in respect of each amount so paid.

4.1. Method of Payments

- Payment of the outstanding obligation in respect of the Notes will be made in the relevant currency, as specified in the Pricing Supplement, and by electronic funds transfer to the specified bank account of the Noteholder. Provided however that the Issuer shall withhold amounts due to a Noteholder until a bank account is specified in writing by the Noteholder and the Noteholder shall not be entitled to any further coupon, return or other payment in respect of any such delay.
- All monies payable in respect of the Notes shall be paid to or to the order of the Noteholders and the Issuer will be discharged from its obligations in respect of each amount so paid. Upon redemption of the Notes, Noteholders may be required to present and/or surrender any documents of title to the Issuer.
- In the case of joint Noteholders, payment by electronic transfers will be made to the account of the Noteholder first named in the Register. Payment by electronic transfer to the Noteholder first named in the Register shall discharge the Issuer of its relevant payment obligations under the Notes to such joint Noteholders.
- Neither the Issuer nor any of their agents shall be responsible for any loss in transmission of funds paid in respect of each Note.
- If the Issuer is prevented or restricted directly or indirectly from making any payment by electronic funds transfer (whether by reason of strike, lockout, fire explosion, floods, riot, war, accident, act of God, embargo, legislation, shortage of or breakdown in facilities, civil commotion, Government interference or control or any other cause or contingency beyond the control of the Issuer), the Issuer shall make such payment by cheque (or by such number of cheques as may be required in accordance with applicable banking law and practice). Such payments by cheque shall be sent by post to the address of the Noteholder as set out in the Register or, in the case of joint Noteholders, the address set forth in the Register of that Noteholder who is first named in the Register in respect of that Note
- Cheques may be posted by registered mail, provided that neither the Issuer nor their agents shall be responsible for any loss in transmission and the postal authority shall be deemed to be the agent of the Noteholders for the purposes of all cheques posted in terms of this condition.

4.2. Payment Day

Any payment in respect of the Notes shall be made on a Business Day. Where the day on or by which a payment of any amount in respect of the Notes is due to be made is not a Business Day, that payment shall be made on or by the next succeeding Business Day, unless that next succeeding Business Day falls in a different calendar month, in which case that payment shall be made or that event shall occur on or by the immediately preceding Business Day and the Noteholder(s) shall not be entitled to any further coupon, return or other payment in respect of any such delay.

5.0. Event(s) of Default

An Event of Default in relation to the Notes shall arise if any one or more of the following events shall have occurred and be continuing:

- Non-Payment of principal amount: default is made in the payment on the due date of the principal amount in respect of the Notes and such default continues for a period of seven (7) Business Days; or
 - Non-Payment of Coupon: default is made in the payment on the due date of Coupon in respect of the Notes; and such default continues for a period of seven (7) Business Days. Provided that non-payment as a result of a technical or administrative error which is remedied within the aforementioned seven (7) Business Days shall not be deemed an Event of Default; or
 - Breach of Other Obligations: the Issuer does not perform or comply with any one or more of its other obligations in the Notes, which default is incapable of remedy, or is not remedied within thirty (30) days after written notice of such default shall have been given to the Issuer by a Noteholder or Noteholders; or
 - Cross-Default: (A) any other present or future indebtedness of the Issuer for or in respect of monies borrowed or raised becomes due and payable prior to its stated maturity by reason of any default on the part of the Issuer or (B) any such indebtedness is not paid when due or, as the case may be, within any applicable grace period, or (C) the Issuer to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any monies borrowed or raised provided that the aggregate amount of the relevant Financial Indebtedness in respect of which one or more of the events mentioned above in this paragraph have occurred and equals or exceeds [N10,000,000,000.00 (Ten Billion Naira)]. For the purposes of this paragraph, "Financial Indebtedness" means any obligation for the payment or repayment of money, whether as principal or as surety and whether present or future, actual or contingent, incurred in respect of: (a) money borrowed or raised, (b) any bond, loan stock, debenture or similar instrument, (c) any amount raised by the issue of redeemable preference shares which are redeemable before the Redemption Date (d) acceptance or documentary credit facilities, (e) foreign exchange options, (f) rental payments, underleases and hire purchase agreements and instalments under conditional sale agreements (in all cases whether in respect of land, machinery, equipment or otherwise) entered into primarily as a method of raising finance or of financing the acquisition or use of the asset concerned, (g); any other transaction (including any forward sale or purchase agreement) which has the commercial effect of a borrowing; and (h) guarantees, indemnities, bonds, standby letters of credit or other instruments issued in connection with the performance of contracts and or in respect of the indebtedness of any other person, provided that any amounts owed to trade creditors in the ordinary course of business shall be excluded; or
 - Enforcement Proceedings: a distress, attachment, execution or other legal process is levied, enforced or commenced against a material part of the property, assets or revenues of the Issuer, where the value of such property, assets or revenue exceeds [N10,000,000,000.00 (Ten Billion Naira)], and such distress, attachment, execution or other legal process is not discharged or stayed within one hundred and eighty (180) days; [provided that for the purposes of this provision, "material" in relation to the Issuer shall mean 50% or more of the value of the property, assets or revenues of the Issuer indicated above] or
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- Release of Sponsor: if there shall be any release of the Sponsor from its obligations under the Notes or any of the Issuance documents, other than in accordance with the terms of the Issuance documents, including any release by operation of law; or
 - Security Enforced: any Security Interest present or future, created or assumed by the Issuer over a material part of the Issuer's property, assets or revenues, becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person); or
 - Insolvency: the Issuer or the Sponsor is, or is deemed by law or a competent court of record in Nigeria to be insolvent or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a material part of (or of a particular type of) its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or any part of (or of a particular type of) the debts of the Issuer or Sponsor; or
 - Winding-up: an order is made or an effective resolution passed for the winding-up or dissolution of the Issuer or the Sponsor, or the Issuer or the Sponsor shall apply or petition for a winding-up or administration order in respect of itself or ceases or through an official action of its board of directors threatens to cease to carry on all or a substantial part of its business or operations, in each case except for the purpose of and followed by a reconstruction, amalgamation, reorganization, merger or consolidation on terms approved by a special resolution of the Noteholders; or
 - Failure to take action: any action, condition or thing (including the obtaining of any consent, license, approval or authorisation) now or hereafter necessary to enable the Issuer and/or the Sponsor to comply with its obligations under the Issuance for the issuance of the Notes is not taken, fulfilled or done, or any such consent, license, approval or authorisation shall be revoked, modified, withdrawn or withheld or shall cease to remain in full force and effect, resulting in the Issuer and/or the Sponsor being unable to perform any of its obligations in terms of the Notes or the Issuance for the issuance of the Notes for a period of two (2) weeks after the date on which written notice of such failure, requiring same to be remedied shall have been given to the Issuer and/or the Sponsor. Provided that if the failure is one which can be remedied but cannot be completely remedied within the two (2) weeks after written notice has been given, it shall not be an Event of Default as long as the Issuer and/or the Sponsor has taken active steps within the two (2) weeks after such written notice has been given to remedy the failure and is diligently pursuing such remedy; or
 - Material Adverse Effect: Upon the occurrence of an event with a Material Adverse Effect. For the purpose of this paragraph, "Material Adverse Effect" means, for as long as the Notes are outstanding, the occurrence of any event or series of events, which has adversely affected or could adversely affect: (a) the ability of the Issuer to perform or comply with any of its obligations under the Issuance or (b) the business, operation, performance, condition (financial or otherwise), assets, or prospects of the Issuer; or (c) the validity or enforceability of any of the Issuance Documents or the rights or remedies of any party thereunder; or
 - Nationalization: any step is taken by any person with a view to the seizure, compulsory acquisition, expropriation or nationalization of all or a material part of the assets of the Issuer or the Sponsor.
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6.0. Action upon Event of Default

- Upon the occurrence of an Event of Default and where such Event of Default is continuing, any Noteholder may by written notice to the Issuer at its specified office(s), effective upon the date of receipt thereof by the Issuer ("Default Date"), declare the Notes held by that Noteholder to be forthwith due and payable, provided that no such action shall be taken if the Issuer withholds or refuses to make any payment in order to comply with any law or regulation of Nigeria or to comply with any order of a court of competent jurisdiction.
- Where an Event of Default occurs prior to the Redemption Date, the amount payable to the Noteholder shall be the face value of the Note discounted at the issue rate from the Redemption Date to the Default Date. Provided that the amount payable shall bear interest at the Default Rate from the Default Date to the date of payment thereof.
- Where an Event of Default occurs on the Redemption Date, the amount payable to the Noteholder shall be the face value of the Notes. Provided that the amount payable shall bear interest at the Default Rate from the Redemption Date to the date of payment thereof.
- In addition, each Noteholder shall have the right to exercise all other remedies available to them under the laws of the Federal Republic of Nigeria.

7.0. Register

- The Register shall be maintained by the Exchange. The Register shall reflect the number of Notes issued and shall contain the name, address, and bank account details of the registered Noteholders. The Register shall set out the aggregate principal amount of the Notes issued to such Noteholder and the date of issue.
- Statements or contract notes issued by the depositary system of the Exchange as to the aggregate number of Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error and such person shall be treated by the Issuer and their agents as the legal and beneficial owner of such aggregate number of Notes for all purposes.
- The Register shall be open for inspection during the normal business hours of the Exchange to any Noteholder or any person authorised in writing by the Noteholder.
- The Exchange shall alter the Register in respect of any change of name, address or bank account number of any of the registered Noteholders of which it is notified in accordance with these Terms and Conditions.

8.0. Notices

8.1. Notices to the Noteholders.

- All notices to the Noteholders will be valid if mailed to them at their respective addresses and/or any electronic means of communication as recorded in the relevant Register of Notes maintained by the Exchange. The entity(ies) executing the contract(s) shall also ensure that
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notices are duly given or published in a manner which complies with the rules and regulations of the SEC, and the Exchange.

- Any notice shall be deemed to have been given on the second day after being so mailed or on the date of publication in national newspapers, or if published more than once or on different dates, on the date of the first publication.

8.2. Notices from the Noteholders

- Notices to be given by any Noteholder to the Issuer shall be in writing and given by lodging the same with the trade execution desk of the Exchange or by electronic mail to such address(es) that may be provided by the Issuer.
- Any change of name or address on the part of the Noteholder shall forthwith be notified to the Issuer and subsequently, the Register shall be altered accordingly following notifications to the trade execution desk of the Exchange.

9.0. Modification

The Issuer may agree without the consent of the Noteholders, to any modification of the Terms and Conditions which is of a formal, minor, or technical nature or is made to correct a manifest error or to comply with the mandatory provisions of any law in Nigeria and which is not prejudicial to the interest of the Noteholders. Notice of such modification shall be published in at least one daily newspaper of general circulation in Nigeria and shall be deemed to have been given and received on the date of first publication.

Save as provided above, no amendment of the Terms and Conditions may be affected unless;

- Such amendment is in writing and signed by or on behalf of the Issuer; and such amendment:
- If it affects the rights, under the Terms and Conditions, of all the Noteholders, is signed by or on behalf of Noteholders, holding not less than 75% of the outstanding Principal Amount of all the Notes; or

Any such modification shall be binding on the Noteholders and shall be notified to the Noteholders in accordance with this condition as soon as practicable thereafter.

10.0. Meeting of Noteholders

The Issuer may at any time convene a meeting of all Noteholders upon at least 21 (Twenty-One) days prior written notice to such Noteholders. Such Notice shall specify the date, place and time of the meeting to be held, which place shall be in Nigeria.

Every director or duly appointed representative of the Issuer may attend and speak at a meeting of the Noteholders but shall not be entitled to vote, other than as a proxy or representative of a Noteholder.

- Noteholders holding not less than 10% in principal amount of the outstanding Notes shall be able to request the Issuer to convene a meeting of Noteholders. Should the Issuer fail to requisition such a meeting within 10 (Ten) Business Days of such a request being received by the Issuer,
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the Noteholders requesting the meeting may convene such a meeting.

- A Noteholder may by an instrument in writing (a "Form of Proxy") signed by the Noteholder or, in the case of a corporation executed under its common seal or signed on its behalf by an attorney or a duly authorized officer of the corporation, appoint any person (a "Proxy") to act on his or its behalf in connection with any meeting or proposed meeting of the Noteholders.
- Any Noteholder, which is a corporation, may by resolution of its directors or other governing body authorizes any person to act as its representative (a "Representative") in connection with any meeting or proposed meeting of the Noteholders.
- Any Proxy or Representative appointed shall, so long as the appointment remains in force, be deemed for all purposes in connection with any meeting or proposed meeting of the Noteholder specified in the appointment, to be the holder of the Notes to which the appointment relates and the Noteholder shall be deemed for such purposes not to be the holder of the Notes, until a notice of revocation of appointment of that Proxy or Representative has been received by the Issuer.
- The chairman of the meeting shall be appointed by the Issuer. The procedures to be followed at the meeting shall be as determined by the chairman subject to the remaining provisions of this Condition 10. Should the Noteholders requisition a meeting, and the Issuer fail to call such a meeting within 10 (Ten) Business Days of the requisition, then the chairman of the meeting held at the instance of the Noteholders, shall be selected by a simple majority of Noteholders present in person or by proxy.
- At any meeting of Noteholders, two or more Noteholders present in person, by representative or by proxy, holding in aggregate not less than one third of the principal amount of outstanding Notes shall form a quorum. On a poll, each Noteholder present in person or by proxy at the time of the meeting shall have the number of votes equal to the number of Notes, by denomination held by the Noteholder.

11.0. Governing Law

The provisions stated under this prospectus shall be subject to the laws of the Federal Republic of Nigeria.

12.0. Taxation Consequence

The taxation landscape in the country with regards to debt securities has undergone a major overhaul with the approval by the Federal Government of certain tax exemptions on bonds and Government securities, as part of the initiatives for the development of the domestic bond market in Nigeria.

To give effect to the above exemption, necessary legislative processes have been undertaken with respect to some of the exemptions. The Personal Income Tax Amendment Act 2011 ("PITA Amendment") was gazetted as Government Notice No. 175 in June 2011. The waivers regarding Value Added Tax and Companies Income Tax were also gazetted by the VAT (Exemption of Proceeds of the Disposal of Government and Corporate Securities) Order, 2011 and the Companies Income Tax (Exemption of Bonds and Short-Term Government Securities) Order, 2011. Both exemption orders became effective on 2nd January 2012 and are applicable to

bonds issued by the Federal Government as well as short-term State, Local Government and corporate bonds (including supra-national bonds). With the exception of bonds issued by the Federal Government (for which the exemptions have an unlimited duration), the above exemption orders are for a period of 10 years (the "Exemption Period") and are applicable to Companies Income Tax, Value Added Tax and Capital Gains Tax.

The PITA Amendment also exempts from taxation any income earned by an individual from bonds issued by corporate bodies. There is no limitation period for this exemption. Thus, interest payments on debt instruments, including corporate bonds, to individual bondholders would not be subject to withholding tax even after the termination of the Exemption Period.

The Notes, not being a bond issued by the Federal Government or a corporate, or a short-term State, Local Government (including supra-national bonds) may not be subject to the exemptions provided in the above exemption orders. Consequently, holders of the Notes may be subject to withholding tax in Nigeria on the income they earn from the Notes. However, in the instance that WHT should become payable on the Notes, the Issuer agrees to gross up for any withholding taxes and pay such additional amounts as shall be necessary to ensure that the net amounts received by the Noteholders after the withholding or deduction, shall equal the respective amounts which would have been receivable in respect of the Notes in the absence of the withholding deduction.

The summary is not intended to be and should not be construed to be tax advice to any Noteholder. Any prospective investor who is in any doubt as to his/her tax position or who is subject to taxation in any jurisdiction other than Nigeria should consult his/her own professional advisers without delay as to the consequences of an investment in the Notes in view of his/her own personal circumstances. Neither the Issuer nor its tax advisers shall be liable to any Noteholder in any manner for placing reliance upon the contents of this section.

13.0. Settlement and Clearing

Clearing and settlement is done via the clearing house system of the Exchange upon which the instrument is listed.

PRICING SUPPLEMENT

Issuance Elements	Description
Issuer	AFEX Investment Limited
Size of Issuance	₦500,000,000.00
Outstanding at date of pricing supplement	₦500,000,000.00
Nominal Price/Unit	₦10,000
Number of Units	50,000
Tenor	120 Days
Offer Opens	August 4, 2022
Offer Closes	August 18, 2022
Settlement Date	August 18, 2022
Maturity Date	Settlement Date + 120 days
Final Redemption Amount	Redemption at face value
Specified Currency (Principal)	Nigerian Naira (₦)
Form of Notes	Uncertificated
Taxation	Please refer to "Taxation Consequence under the Investment Memorandum"
Method of Offer	Fixed Price Offer
Annual Yield	14% Per Annum
Effective rate (period based)	4.60% (Flat)
Business Day Convention	Any day except Saturdays, Sundays and public holidays declared by the Federal Government of Nigeria
Settlement Procedures and Settlement Instructions	Purchases will be settled via direct debit, electronic funds transfer (NIBBS, NEFT, RTGS, etc.)

RESPONSIBILITIES

The issuer and its executive management accept responsibility for the information contained in this Pricing Supplement which, when read together with the prospectus contains all information that is material in the context of the issue of the Notes.