



NIGERIA INFRASTRUCTURE DEBT FUND

A Chapel Hill Denham Fund

Quarterly Report to Unitholders – 30 June 2021

Overview

The Chapel Hill Denham Nigeria Infrastructure Debt Fund (“NIDF” or the “Fund”) is the first and only infrastructure debt fund dedicated to and domiciled in Nigeria.

The Fund is classified as an Infrastructure Fund under the relevant rules and regulations of the Securities & Exchange Commission (“SEC”), Nigeria and the National Pension Commission, Nigeria.

The Fund’s Units are listed on the FMDQ OTC Securities Exchange, Nigeria. The Fund has registered a programme for issuance of up to two billion Units with par value of ₦200 billion.

NIDF is sponsored by Chapel Hill Denham and Chapel Hill Denham Management Limited acts as the Fund Manager of NIDF.

Investment Objectives

NIDF aims to provide investors regular and stable income by making primarily debt investments in infrastructure projects located in Nigeria. It seeks to build a diversified portfolio of investments in projects that (i) provide essential economic and social services; (ii) have long-term predictable cash flows; and (iii) have asset base with long useful life.

NIDF focuses on making investments that offer a high degree of certainty about the future cash flows to be received by the Fund, while seeking to preserve the capital value of its investment assets over the long term. The Fund's investment portfolio of infrastructure loans and other securities targets a gross return of 3.00% to 4.50% over and above the comparable Federal Government bond yields prevailing from time-to-time in Nigeria.

The income generated by the Fund, in the form of coupon and fees received from the borrowers, is distributed periodically to the Unitholders, after deducting the operating expenses of the Fund.

Fund Information

Launch date	28 June 2017
Listing	FMDQ, Nigeria
Ticker	CHD NIDF
ISIN	NGCHDNIDF005

Financial Information

Units in Issue	723,651,642
NAV per Unit*	107.40 (ex-distribution)
NAV*	₦77,723 million
Financial year-end	31 December

* *Provisional, unaudited*

Distribution Information

Distribution for the quarter	₦2.66
Annualised Distribution Yield on NAV (Trailing Twelve Months)	10.2%**
Distribution frequency	Quarterly

** Quarterly compounded

Other Information

Fund Manager	Chapel Hill Denham Management Limited
Custodian	Citi Nigeria Limited
Joint Trustees	Stanbic IBTC Trustees Limited STL Trustees Limited
Registrar	Coronation Registrars Limited
Auditor	PricewaterhouseCoopers Nigeria
Valuation Adviser	Ernst & Young
Website	www.chapelhilldenham.com

All capitalised terms have the meaning ascribed to them in the Fund’s Programme Prospectus dated 30 July 2020. “Reporting Period” refers to the period from April to June 2021. “Reporting Date” means 30 June 2021.



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Investment Policy

NIDF invests in senior and subordinated debt of private or public sector led infrastructure projects in the following sectors and businesses:

- Generation of electricity, including from renewable sources, and its transmission and distribution
- Transportation & logistics, including ports, airports, highways, railway transportation, mass transit systems, industrial zones and warehouses
- Infrastructure for provision of telecommunication services including mobile telecom towers, fibre optic networks and data centres
- Storage and transportation facilities for hydrocarbons, including natural gas
- Water treatment, transmission and distribution for domestic, commercial or industrial use, wastewater treatment and water recycling
- Provision of utilities as well as municipal and industrial waste management
- Social infrastructure such as hospitals, schools, training facilities, accommodation and similar facilities, developed primarily on PPP basis

The Fund may also invest, directly or indirectly, in the working capital loans, subordinated debt, preferred shares or warrants of such borrowers and related assets. At least 80% of Fund's assets will be invested in senior debt, securitised debt or loans to government agencies. Not more than 20% could be invested in working capital loans, subordinated debt, preferred shares or warrants.

Net Asset Value

As on the Reporting Date, the provisional, unaudited Net Asset Value of the Fund was 77.723 billion Naira (excluding the provision of 1.925 billion Naira for quarterly distribution). Correspondingly, the provisional, unaudited Net Asset Value per Unit of the Fund was ₦ 107.40 (ex-distribution).

Distribution

For the Reporting Period, the Fund announced a quarterly distribution of 2.66 Naira per Unit.

This distribution was paid to eligible Unitholders on 9 July 2021 and was fully funded from the cash inflows generated by the Fund during the quarter.

Going forward, it is the intention of the Fund Manager to continue paying quarterly distributions to Unitholders, in line with the actual performance of the Fund and the provisions of the Constitutional Documents.

Summary of operations

As on Reporting Date, the portfolio of NIDF comprises twenty infrastructure loans spread across nine different sub-sectors. Further information about the composition of NIDF's portfolio are included as an appendix to this report.

During the Reporting Period, the weighted average annualised yield on the Fund's portfolio of infrastructure loans was c. 13.88%.

During the Reporting Period, the Investment Committee of the Fund approved two infrastructure loans aggregating 1.84 billion Naira. This loan would be disbursed on execution of definitive documentation and compliance with disbursement conditions by the borrowers.

In addition, during the Reporting Period, the Fund's Investment Committee also granted preliminary approval for new infrastructure loan transactions aggregating 52.1 billion Naira. The due diligence on these transaction is now well advanced and they are targeted to be closed during the current quarter.



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Future project pipeline

The Fund Manager is actively engaged in sourcing and structuring new infrastructure loans for the Fund. In addition to the infrastructure loans already approved/disbursed, the Fund Manager has signed a number of additional term sheets for infrastructure loans for which due diligence is currently in progress. The Fund Manager is also tracking a strong pipeline of transactions for the Fund to participate in over the next 6-12 months.

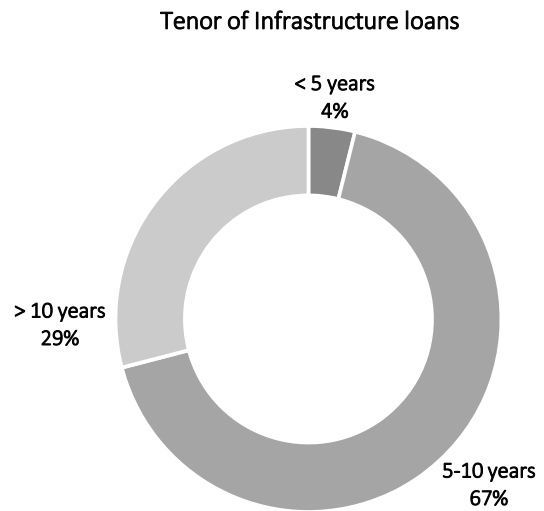
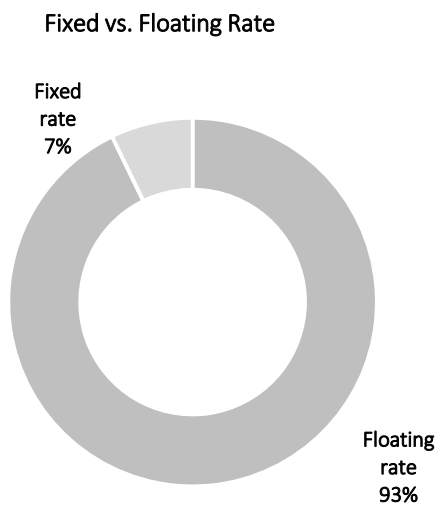
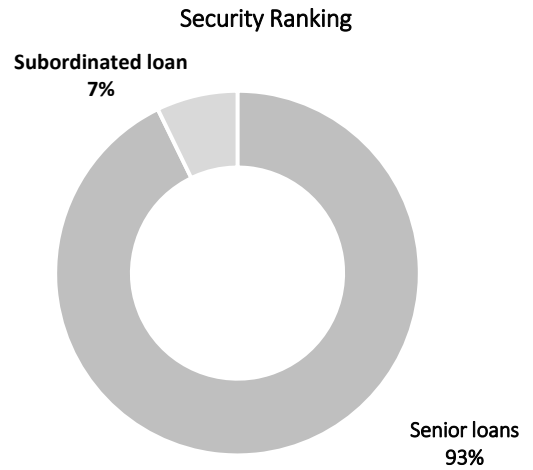
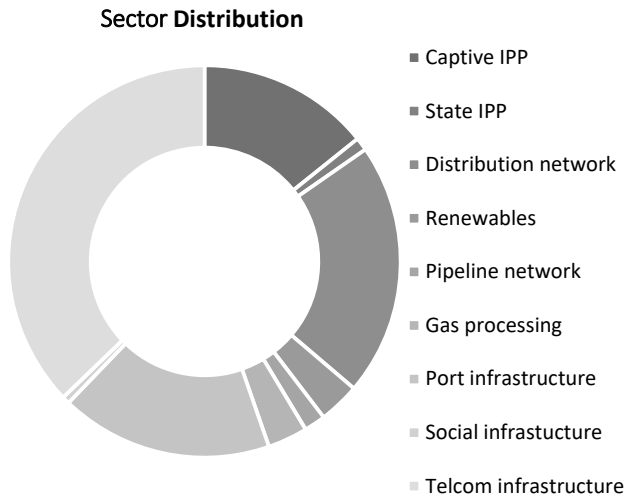
This report is dated 22 July 2021



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Appendix: Summary of infrastructure loan portfolio





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