ACCUGAS

USD 50m Debt Service Reserve Account (DSRA) guarantee for the USD 450m Accugas IV term loan facility. The DSRA guarantee freed up cash to enable Accugas to finish the construction of a new pipeline and increase the supply of domestic gas to Nigeria's power sector.

Transaction Overview

Date: December 2016

Country: Nigeria

GuarantCo Guaranteed Amount: USD 50 million

Total Transaction Size: USD 50 million

Beneficiaries & Financing Partners: Five Nigerian banks

GuarantCo Additionality:

This is the first time the DSRA guarantee has been deployed in Nigeria and provides a more efficient method of financing the DSRA than trapping cash. By releasing the cash, Accugas was able to complete the construction of its pipeline and it also provided much needed dollars to ensure timely debt service to the local banks. The transaction involved five local Nigerian banks and these have all seen how GuarantCo has structured the transaction which should help build capacity. GuarantCo is now exploring other options with the company to help optimise if financing.

Developmental Benefit

Accugas is the sole supplier of gas to over 1GW of power generation and to the UNICEM cement plant which produces over 5 million tonnes of cement per annum. It is therefore a significant core infrastructure requirement for Nigeria and supports a stable gas supply network in the Niger Delta region, which is critical for helping Nigeria return to economic growth.

Domestic gas for electricity generation is a priority sector for Nigeria. Only 9% of Nigeria's gas production is currently being used for power generation, which is less than the amount being flared and about 1/5th of the amount being exported. This is largely due to the lack of gas processing and transportation infrastructure.

GuarantCo
Guarantees For Development

ACCUGAS

MIXTA NIGERIA

NGN 8.6bln (USD 27.3m) credit enhancement guarantee for the first series of Mixta Nigeria's bond programme. The guarantee increased the rating of the bond issue above the minimum threshold required by local insurance companies and pension funds, allowing Mixta Nigeria to raise financing for the development of its affordable housing strategy.

Transaction Overview

Date: December 2016 **Country:** Nigeria

GuarantCo Guaranteed Amount: NGN 8.6 billion (circa USD 27.3 million)

Total Transaction Size: NGN 8.6 billion

Beneficiaries & Financing Partners: Bond holders

GuarantCo Additionality:

Mixta Nigeria is a leading real estate development company in Nigeria. The company has a strong track record and diverse real estate portfolio, with operations spanning the residential, commercial, retail and leisure sectors of the Nigerian real estate industry.

In order to raise longer term financing for the development of its affordable housing strategy, Mixta Nigeria decided to issue a bond. Without GuaranCo's support, Mixta Nigeria's local bond rating would have been below the minimum threshold required by local insurance companies and pension funds to invest in private corporate bonds. Consequently, Mixta Nigeria turned to GuarantCo to credit enhance the bond, which was eventually issued with a local AAA rating.

Developmental Benefit

According to the Centre for Affordable Housing in Africa (2016), Nigeria has a deficit of 17 million housing units for an estimated population of 182 million people. This particular scarcity of housing results in high prices and a dearth of affordable housing. It is estimated that 4,945 affordable houses will be built with the proceeds of the bonds guaranteed by GuarantCo and as a result 24,231 people will have access to housing in Nigeria.
Mixta Nigeria anticipates that the rapid population growth in Nigeria, combined with a high rate of urbanization will further increase aggregate demand for housing. Mixta is confident that it has the capacity to not only improve conditions for the lower middle class, but also to create a "snowball" effect, over time increasing the affordability of housing at all levels in Nigeria.

ALBATROS ENERGIE

USD 4.1m Debt Service Reserve Account (DSRA) guarantee for the first IPP in Mali, a 90MW Heavy Fuel Oil (HFO) Power Plant in Kayes.

Transaction Overview

Date: December 2016

Country: Mali

GuarantCo Guaranteed Amount: USD 4.1 million

Total Transaction Size: USD 132 million

Beneficiaries & Financing Partners: West African Development Bank, Emerging Africa Infrastructure Fund, Islamic Development Bank, Islamic Corporation for the Development of the Private Sector, OPEC Fund for International Development.

GuarantCo Additionality:

The Power Purchase Agreement (PPA) was initially signed between Albatros Energie and EDM (the local government owned utility and offtaker of the electricity produced by the power plant) on the basis of certain pre-agreed project and finance costs. However, due to significant delays that resulted from the political and security issues from 2010 to 2013, project costs increased substantially. The tariff agreed in the PPA was therefore potentially too low for the project to be viable and a more efficient financing structure was required in order to maintain the same tariff and avoid an increase in costs to the end users. GuarantCo's DSRA guarantee helped Albatros Energie to achieve that, by reducing the debt component which eases the debt service obligations on the company. The significant benefit of the DSRA guarantee is that the legal obligation to reserve cash to service interest and principal payments on the debt, can now be used for other purposes.

Developmental Benefit

Developing the energy infrastructure is a government priority in Mali. Not only to increase access to energy for households, but also to improve power supply for the country's main industries: mining and cement production that drive economic growth.

The development of the HFO power plant by Albatros Energie in the Kayes region, will add up to 90 MW of power generation capacity to the national grid, of which the 66 MW minimum offtake by the government will represent circa 8% of the 2019 projected generation capacity for Mali. According to EDM, if the HFO plant was online now, it would represent 30% of the generation capacity for Mali.

KOOBA DATACENTRE

USD 10.5 million EPC contractor guarantee for the first greenfield carrier neutral Tier III Datacentre in East Africa to be located in Mombasa, Kenya. The EPC guarantee will enable the project contractor Flexenclosure to begin construction, as the Client, KOOBA, finalises long term financing arrangements.

Transaction Overview

Date: December 2016 **Country:** Kenya

GuarantCo Guaranteed Amount: USD 10.5 million

Total Transaction Size: USD 21 million

Beneficiaries & Financing Partners: Flexenclosure

GuarantCo Additionality:

Given the unfamiliarity amongst local banks with technology investments and that users of the datacentre will only begin to sign contracts closer to actual operations, there is little appetite to finance the construction phase of the datacentre, albeit several have expressed an interest in providing debt financing for an operational project. Hence this guarantee helps to bridge the gap between the project requirements and the local commercial bank market and supports this private sector investment into infrastructure.

The EPC contractor guarantee will cover the lack of alternative longer term financing being in place to pay the contractor once commercial operations has been achieved against set standards and independently verified. Accordingly, the construction risk sits with the contractor and the equity that will be contributed up front.

Developmental Benefit

The Kenyan ICT sector is projected to contribute up to 8% of the country's GDP in 2017. As the first carrier neutral Tier III datacentre in Kenya, KOOBA will set the precedent for other centres and will help to address the need for secure, reliable, and efficient ICT infrastructure and services in Kenya and the region.

Cloud computing is being actively embraced across the East African region and will impact all parts of society either directly by providing improved access or indirectly by supporting government institutions, financial institutions and corporates that serve the wider population.

BRIDGE POWER

USD 50 million EPC contractor guarantee for a 200MW LPG power plant and associated storage infrastructure in Tema, Ghana. The guarantee enabled construction to begin whilst the long term financing was still being arranged, allowing the project to progress and to deliver much needed power sooner rather than later.

Transaction Overview

Date: December 2016 **Country:** Ghana

GuarantCo Guaranteed Amount: USD 50 million

Total Transaction Size: USD 250 million

Beneficiaries & Financing Partners: Metka

GuarantCo Additionality:

Few entities exist that can issue a payment guarantee of this nature, particularly for the benefit of a structured project in a challenging market such as Ghana. The extremely short timelines required under the Power Purchase Agreement precluded senior financing reaching financial close in time for the project to meet its deadlines – GuarantCo's guarantee helped a private sector investor to bridge the financing gap and deliver power to Ghana under a shorter timeframe than historically achieved. The remaining debt financing was provided by Metka.

Developmental Benefit

Ghana's existing power portfolio relies on hydrological resources for 42% of its capacity. Bridge Power will help to diversify Ghana's power portfolio.

Ghana is currently experiencing power shortages and presents one of the largest barriers to the country's economic development. The project will be delivered under a shorter timeline relative to other IPPs, thereby contributing relatively quickly to reducing Ghana's power shortage.

LPG is a lower cost and cleaner alternative vs. light crude oil and diesel which Ghana has come to increasingly rely upon as demand has grown. It is estimated that the project will emit 20% lower CO_2 emissions compared to other oil based thermal power plants in Ghana.

INFRASTRUCTURE CREDIT GUARANTEE COMPANY

USD 50 million Callable Funding Facility for the first Nigerian based credit guarantor focused on credit enhancing infrastructure bonds to target pension fund investors. The Facility allowed InfraCredit to achieve a high domestic rating increasing its attractiveness to bond investors.

Transaction Overview

Date: December 2016

Country: Nigeria

GuarantCo Guaranteed Amount: USD 50 million

Total Transaction Size: USD 100 million

Beneficiaries & Financing Partners: InfraCredit

GuarantCo Additionality:

GuarantCo acted as one of the founding sponsors for InfraCredit (alongside the Nigerian Sovereign Investment Authority), providing grant funding, capacity and experience to bring InfraCredit from concept to reality.

The unusual nature of InfraCredit means that there are few, if any, commercial entities that would be willing to provide such a facility as that provided by GuarantCo, particularly for a start-up guarantee company. GuarantCo's involvement allowed InfraCredit to start operations and which will allow for further growth as it builds its own experience and track record. GuarantCo's involvement also helped to credit enhance InfraCredit's capital structure and achieve a higher credit rating, thereby increasing its attractiveness to borrowers and bond investors/banks that will invest in infrastructure through bonds covered by InfraCredit.

The leverage provided by GuarantCo provides for a more efficient capital structure that will facilitate a viable business and allow InfraCredit to achieve its long term aim of attracting private sector investors.

Developmental Benefit

GuarantCo's support will allow InfraCredit to mobilise pension and insurance funds to help to meet the significant infrastructure funding needs of Nigeria (beyond the capacity of the Nigerian Government and banking markets to fund in isolation). It will also allow InfraCredit to open up infrastructure bonds as an asset class to pension funds, helping to diversify fund portfolios heavily concentrated in Nigerian Government securities.

InfraCredit will facilitate access to the corporate bond market to first time issuers, providing them access to long term financing more appropriate for funding infrastructure. Subsequent bond refinancing of infrastructure linked bank debt will also will enable banks to more efficiently recycle their capital for new infrastructure loans.

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