

NSIA & NBET SIGN \$350M EUROBOND FUND MANAGEMENT AGREEMENT

The Nigerian Bulk Electricity Trading Plc (NBET) and the Nigeria Sovereign Investment Authority (NSIA) today signed a Funds Management Agreement for the \$350M allocated to NBET from the \$1B Eurobond issued by the Federal Government of Nigeria (FGN) in July 2013.

The Managing Director and Chief Executive Officer of NBET, Mr. Rumundaka Wonodi speaking stated “NBET is happy with this arrangement that allows a competent fund manager like NSIA manage NBET’s Eurobond facility in a manner that yields the required returns yet allows the fundsto be readily available for any required Bulk Trader interventions. With this arrangement, NBET can focus on developing the electricity market and catalyzing much needed investments in the power sector.”

Also speaking at the signing ceremony, Mr. Uche Orji, Managing Director and Chief Executive Officer of NSIA, stated “NSIA is pleased to enter into this asset management arrangement with NBET. It is our aim to bring our proven capabilities in profitable asset management to bear for the benefit of NBET and the Nigerian power sector in general.”

The public will recall that on Tuesday 02 July 2013, Nigeria issued a \$1BEurobond. The Coordinating Minister for the Economy and Honourable Minister of Finance, Dr. (Mrs) Ngozi Okonjo-Iweala who led the drive through the Debt Management Office (DMO) was quoted by Reuters as saying, “The coupon shows confidence in the Nigerian economy.” She also said the \$1B Eurobond was issued specifically for financing power projects which are considered integral to unlocking the nation’s economic potential: gas to power, transmission rehabilitation; and also to increase NBET’s capitalization as a credit worthy off taker.

The CME, who is also Chairman of NBET’s Board, announced on Monday 10 February 2014 at the Nigeria Power Sector Investors’ Conference that NBET’s \$350M liquidity facility will be given to NSIA to earn interest for the Bulk Trader to offset some of the interest payments until such a time when NBET will require the funds. She further explained that “Most of the Eurobond money was taken to support the power sector, now when you think about it, this liquidity facility has to be managed in such a way that we are also able to repay the loan. So you need to think about the best way to invest this money. You can’t just have it sitting in the Central Bank, which was what we were doing initially, because it will earn next to nothing. So the best opportunity was to give it to the premier investment corporation of the government to manage it so that we can get some decent returns that will enable us to defray the interest cost of the repayment of the facility, even if it’s not all, at least it will be more than it will get sitting elsewhere.”

About NBET

NBET aka the Bulk Trader, is a wholly Federal Government of Nigeria (FGN) owned companyincorporated on July 29 2010 as part of President Goodluck Jonathan’s roadmap on the power sector towards the full implementation of the EPSR act. NBET enters into power purchase agreements with generation companies and resells power to distribution companies through the vesting contracts. To fulfill its mandate and drive investment into Nigeria’s power sector, NBET is positioned as a credit-worthy counterparty for current and future generation projects. NBET’s current capitalization by the Federal Government of Nigeria in excess of N800 Billion.