



August 24, 2015

THE SECOND NIGER BRIDGE PROJECT UPDATE

The Nigeria Sovereign Investment Authority (NSIA) through its Nigeria Infrastructure Fund is committed to the development of infrastructure in Nigeria. Acting through its wholly owned subsidiary, NSIA Motorways Investment Company (NMIC), NSIA is collaborating with the Federal Ministry of Works and Julius Berger Investments (JBI) as joint sponsors on the financing, development and construction of the Second Niger Bridge project (the "Project").

KEY HIGHLIGHTS

- The Second Niger Bridge and adjacent roads will be 11.9km in length.
- The project is structured as a Public Private Partnership (PPP) and will be constructed and operated on a Design, Build, Finance, Operate and Transfer (DBFOT) basis.
- It is expected that the Bridge would be constructed and delivered in 48 months. When completed, the Bridge and adjacent roads will have six (6) lanes with three (3) in each direction.
- The Project was initially estimated to cost N108billion excluding duties and VAT, (if duties and VAT are included, the Project cost is N117.9billion). This was equivalent to US\$700million at the then prevailing exchange rate of N154/\$. The final project cost would naturally be affected by exchange rate fluctuations and other variables.
- The Federal Government of Nigeria (FGN) made a N30billion commitment to the Project. The consortium would raise the remaining funds for the project from Nigerian and international lenders and equity providers.
- The Federal Government has released N18.3billion so far of which N10.4billion has been disbursed on early construction works.

NSIA'S CONTRIBUTION

- NSIA assembled a team of Nigerian and international advisers with proven capabilities and global experience in PPP infrastructure projects to ensure the Project get first-class advisory services. These consultants were engaged through a rigorous and competitive procurement process.

- To date, NSIA has spent a **total of US\$2.21million on consultancy services** on the two phases of the Project – US\$247,586 on the due diligence phase; and US\$1.96million on the project development phase. These services have included work in the following areas: Legal, Financial, Technical & Engineering and Environmental & Social Impact Advisory, provided by various credible and well-recognised Nigerian and international professional services firms.
 - Total consultancy services cost so far is less than one percent of the estimated project cost. Whilst there is no standardized benchmark for transaction costs, the European Investment Bank’s Economic and Financial Report No. 3 of 2005, indicates that, on the average, the level of transaction cost for the procurement phase of PPP projects is over 10 percent of the capital value of the relevant project in Ireland, the Netherlands, Portugal, and the United Kingdom. This EIB survey estimate does not include costs related to contract monitoring and renegotiation in the operational phase of the relevant projects.
 - NSIA’s technical consultants on this Project have been instrumental in value-engineering the Project and reducing the initial project cost to the current level.
 - NSIA has put in place a multi-stage approval process for all disbursements, under which all payments involving construction are made only after approval by a third-party engineering firm, which matches work completed against amounts due.
 - NSIA has had promising engagement with potential lenders, which include many international investors.
 - NSIA is rated by the US-based Sovereign Wealth Fund Institute as one of the most transparent sovereign wealth funds in the world.
 - NSIA continues to uphold and abide by the highest standards of corporate governance, accountability and integrity. In this regard, NSIA’s accounts are audited by PricewaterhouseCoopers (PwC) and made publicly available within the first 90 days of the new calendar year. The 2013 and 2014 Annual Reports are available on NSIA’s website, www.nsia.com.ng.
 - Attached is the table indicating the list of consultants engaged so far for the assignment.
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Appendix

Project Development	
Due Diligence Phase	
FBN Capital Limited (Nigeria)	Financial Advisor
Murty International Limited (Nigeria)	Technical Advisor
White & Case (UK)	Legal Advisor
WSP Group Africa (South Africa)	Technical Advisor
Zephyrgold International (Nigeria)	Technical Advisor
Project Development	
Africa Finance Corporation (Nigeria)	Financial Advisor
Clifford Chance (UK)	Legal Advisor
Templars (Nigeria)	Legal Advisor
Allot Nigeria Ltd	Traffic Advisor
Takedo International (UK)	Traffic Advisor
WSP Group Africa (South Africa)	Technical Advisor
Aurecon (South Africa)	Environmental Consultant

About NSIA

The Nigeria Sovereign Investment Authority (NSIA) was established in 2011 under an Act of the National Assembly, the Nigeria Sovereign Investment Authority Act. The objective of the NSIA is to promote fiscal stability, build a savings base for future generations of Nigerians and enhance the development of Nigeria's infrastructure. The NSIA's investments are made through three distinct funds: the Stabilization Fund, the Future Generations Fund, and finally the Nigeria Infrastructure Fund, through which the NSIA's investment in the construction and development of the Second Niger Bridge Project is being made. The Nigeria Infrastructure Fund aims to invest in infrastructure projects in Nigeria that contribute to the development of essential infrastructure in Nigeria in addition to meeting the NSIA's targeted financial returns. For more information, please visit the NSIA's website at www.nsia.com.ng.

Signed:
Management
