



# GCR Accords A 'AAA(NG)(Sf)' Indicative Rating To Viathan Funding Plc's Series 1 Guaranteed Bonds

25 Oct 2017 In Rating Notifications

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Lagos, 25 October 2017—Global Credit Ratings has accorded an indicative public long term rating of 'AAA(NG)(Sf)' to the Series 1 Senior Guaranteed Fixed Rate Bonds ("Bonds" or "Series 1 Bonds") to be issued by Viathan Funding Plc ("VFP" or "the Issuer"), under the Issuer's N50bn Medium Term Note Programme ("MTNP" or the "Programme"); with the Outlook accorded as Stable. The Series 1 Bonds amount is anticipated to be N10bn, with final maturity of November 2027. The indicative rating relates to timely payment of interest and principal and is applicable to the Series 1 Bonds (and not the entire Programme). The indicative rating expires in February 2018. The final rating will be assigned upon receipt of satisfactorily final signed and executed transaction documents.

### RATING RATIONALE

Viathan Funding Plc, was incorporated by the Viathan Companies ("the Group") in June 2017, as a Special Purpose Vehicle ("SPV"), to provide funding to the Viathan Companies, through the debt capital market or other miscellaneous means deemed fit by the SPV. The Viathan Companies comprise eight underlying corporates namely; Viathan Engineering Limited; Akute Power Limited; Lisabi Power Limited; Island Power Limited; PIPP LVI Genco Limited; Gasco Marine Limited; Marine Power Limited and Tofu Energy and Power Company Limited. The Viathan Companies have built up combined generation capacity of 50MW across six plants (in three states) in a relatively short time frame, leveraging extensive technical expertise, linkages with well-established international partners, and off-take agreements with, state-owned entities/utilities and various commercial entities.

GCR accorded the Issuer a national scale long term Issuer rating of 'BBB-(NG)' in June 2017. Although the Group is not a legally consolidated unit (but rather having common shareholders), GCR assessed the underlying entities collectively as comprising a holding company, as they will serve as co-obligors that are jointly and severally liable for all obligations accruing to the Issuer under the MTNP. The Series 1 Bond proceeds will be utilised for debt refinancing, acquisition of power generation and distribution assets and supply facilities.

Infrastructure Credit Guarantee Company Limited "InfraCredit" or "Guarantor" and the Trustee (acting on behalf of the bondholders) will enter into a guarantee agreement pursuant to which InfraCredit, in its capacity as Guarantor, irrevocably and unconditionally guarantees the punctual and full (100%) payment of i) scheduled interest payments ii) scheduled principal due and payable by the Issuer under the Series 1 Bonds iii) and any interest accrued but unpaid in respect of the bond obligations. GCR accorded InfraCredit a national scale long-term rating of 'AAA(NG)', with Stable Outlook, in July 2017. The Series 1 Guaranteed Fixed Rate Bonds constitute direct, senior, unconditional and unsubordinated obligations of the Issuer. All payment obligations under the Issue (except otherwise provided for by applicable laws) rank equal with all other present or future unsubordinated payment obligations of both the Issuer and the Guarantor.

InfraCredit was established in October 2016 under a partnership arrangement between Nigeria Sovereign Investment Authority and GuarantCo, with the sole mandate of providing guarantees to enhance the credit quality of local currency debt instruments (mainly in the form of bonds) issued by entities (corporates and state governments) to finance eligible infrastructure projects in Nigeria. NSIA has subscribed and fully paid USD25m of the core capital and is the initial shareholder of InfraCredit. GuarantCo's financial commitment to InfraCredit is limited to the provision of non-core (contingent) capital. In December 2016, InfraCredit signed a Callable Capital Funding Facility Agreement with GuarantCo under the terms of which GuarantCo commits to support any guarantees issued by InfraCredit, up to a maximum value of USD50m.

Upon the occurrence of any event of default, the Guarantor shall continue to be liable to make payments of Guaranteed Amounts on due dates in line with payment schedule, acting as primary obligor. The Guarantee will be in force until all payment obligations under the Series 1 Bonds have been fully discharged and cannot be accelerated unless the Guarantor in its sole discretion elects to do so.

The 'AAA(NG)(Sf)' indicative, public, national scale long term credit rating accorded to the Series 1 Fixed Guarantee Bonds is fully supported by the Guarantor's credit rating, as the InfraCredit Guarantee offers timely and a 100% coverage of all payments due to the bondholders, under the Series 1 Bonds. In addition, GCR has received draft legal opinions which confirm that the Guarantee is irrevocable, unconditional and enforceable in line with its terms. The Account Bank has a short-term national scale rating of 'F1+(NG)' (equivalent of 'A1+(NG)') from an internationally recognised rating agency. A downgrade in the rating of the Guarantor and/or relevant risk presenting entities will affect the rating of the Series 1 Bonds, but not necessarily in the same quantum.

### NATIONAL SCALE RATINGS HISTORY

Asset Class	Indicative Rating	Long Term rating	Short Term rating	Rating outlook
Guaranteed Infrastructure Bond	25 October 2017	'AAA(NG)(Sf)'	n.a	Stable

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### APPLICABLE METHODOLOGIES AND RELATED RESEARCH

- Global Master Criteria for Rating Corporate Entities (February 2017);
- Global Structured Finance Rating Criteria (February 2017);
- Global Summary Structurally Enhanced Corporate Bonds Rating Criteria (September 2016);
- Viathan Funding Plc Rating Report (June 2017);
- Infrastructure Credit Guarantee Company Limited Rating Report (July 2017).

### RATING LIMITATIONS AND DISCLAIMERS

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### SALIENT FEATURES OF ACCORDED RATINGS

GCR affirms that a.) no part of the rating was influenced by any other business activities of the credit rating agency; b.) the rating was based solely on the merits of the rated entity, security or financial instrument being rated; c.) such rating was an independent evaluation of the risks and merits of the rated entity, security or financial instrument; and d.) the validity of the rating is for a maximum of 12 months, or earlier as indicated by the applicable credit rating document.

The Issuer and the Arranger participated in the rating process via face-to-face meetings, teleconferences and other written correspondence. Furthermore, the quality of information received was considered adequate and has been independently verified where possible.

The credit rating/s has been disclosed to the Issuer without contestation from the Issuer.

The rating/s above were solicited by the Issuer of the Transaction, GCR has been compensated for the provision of the ratings.

The information received from the Arranger, Guarantor and other reliable third parties to accord the indicative bond rating included: Draft Programme Prospectus, Draft Series 1 Pricing Supplement, Viathan Funding Limited Memorandum and Articles of Association, Draft Programme Trust Deed, Draft Series 1 Trust Deed, Draft Deed of Guarantee, Draft Recourse Agreement, Draft Account Bank Agreement, Draft Legal Opinion from Olaniwun Ajayi, Draft legal Opinion from The New Practice.

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## Recent Bulletin Releases

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