



## Press Release

1/04/2016

### NSIA Announces Audited Financial Results for 2015 Financial Year

Abuja, Nigeria - April 1, 2016

The Nigeria Sovereign Investment Authority ("NSIA" or "The Authority"), manager of Nigeria's sovereign wealth funds, today announced its audited results for 2015, reflecting the Fund's fiscal position and investment activities for the year.

Highlights of NSIA's activities and performance during the period are as follows:

- Total comprehensive income increased to ₦26.3 billion representing a 67% growth.
- Investment income grew by 47% to close at ₦5.8 billion.
- Total Assets recorded a growth of 20% to ₦213.66 billion at year end.
- \$250 million of additional capital was approved for allocation to the Authority. This was consequently received in February 2016 and will be invested within the new fiscal year using the existing deployment ratio of 40% in Infrastructure Fund, 40% in Future Generations Fund and 20% in Stabilisation Fund.
- On-boarded 5 Private Equity (PE) fund managers, 4 are Nigerian-based, bringing NSIA's total commitments to PE fund managers to 24.
- Strengthened NSIA's infrastructure intervention framework through co-investment collaborations with other institutional investors.

#### Fund Review:

##### Infrastructure Fund

The key sectors for infrastructure investments - Agriculture, Healthcare, Motorways, Power and Real Estate – are 5 out of the 15 investable sectors contained in NSIA's Infrastructure Rolling Plan for 2015. Highlights of activities undertaken across these sectors are provided below:

- *Motorways/Second Niger Bridge (2NB)*

In the year under review, Early Works III (EW3) commenced as part of the preliminary construction activities on the 2NB project site. Having successfully completed this undertaking in January 2016, coupled with the recent passing of the budget (which expressly contained allocations to the project), engagements toward facilitating financial close have been given added impetus. Once the Concession Agreement and supporting documents are executed, the project is expected to move to financial close.

- *Healthcare Investments*

Within the period, the Authority advanced its healthcare investment program, which involves the development of five modern medical diagnostic centers and a specialist hospital across the six (6) geopolitical regions of the country. Till date, the NSIA has approached 14 Federal Healthcare Institutions across the country and signed 7 Memoranda of Cooperation (MOC) with as many.



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The Authority signed a binding agreement with a consortium of private sector diagnostic center operators to develop, construct and operate the diagnostic centers. This will bring best-in-class technical expertise to the process and enhance overall service quality.

The first phase of the programme will commence with three (3) projects - Federal Medical Center Umuahia (South-East) and Aminu Kano Teaching Hospital (North-West) will commence in the H2 2016 and project development for the specialist hospital to be cited in the Lagos University Teaching Hospital (LUTH) (South-West) is expected to commence in Q2 2016.

Federal Hospitals in each of the remaining three geo-political zones - North-Central, South-South and North-East - have been identified for potential development of diagnostic centers, and are expected to commence development work following approval from the Federal Ministry of Health.

- *Real Estate*

The focus for 2015 was to partner with institutional investors and other sovereign funds to create a real estate co-investment vehicle that will develop real estate projects in Nigeria. NSIA has received interests from institutional investors and expects the co-investment vehicle to be operational this year. In addition, NSIA is currently conducting due-diligence and negotiations on a number of large scale commercial and real estate projects.

In July 2015, NMRC, a subsidiary of the NSIA, conducted its first bond raise of ₦8 billion to refinance mortgages. Approximately ₦1.8 billion worth of existing mortgages had been refinanced at year end.

- *Agriculture*

The Ogun State Government (Ogun State), in partnership with the NSIA and Lafarge Africa Plc signed a Memorandum of Understanding for the joint development of Ogun State Forest Landscape Restoration Project. The project's goal is to transform 108,000 hectares of heavily degraded land into an arable green area. The project combines land restoration with business development objectives by applying the latest findings of agro-ecology and agro-forestry.

The Fund for Agricultural Finance in Nigeria (FAFIN) - a Fund, co-sponsored by NSIA in partnership with the Nigerian Federal Ministry of Agriculture and Rural Development (FMARD), and KfW, the German government-owned development bank - raised a total of \$34 million. In addition to an investment already made in L & Z Integrated Farms Limited, FAFIN invested in Diamond Pearls Agro, an edible oils business in the period under review.



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### **Future Generations Fund & Stabilisation Fund**

2015 was a difficult year but the NSIA managed to protect its capital in a harsh and volatile market environment where equities and bonds in many leading economies suffered declines. In particular, the decision to invest in Alternative Asset classes proved beneficial in 2015 as this ensured that the Authority's portfolio was relatively immune from the market forces while traditional asset classes suffered significant declines.

Alternative Assets mainly include Hedge Funds and Private Equity both of which in aggregate have held up well during this period. Hedge Funds produced on aggregate positive returns while Private Equity investments were generally flat, with secondary's largely compensating for the j-curve effect of primary investments. Since private equity funds draw down capital over the course of several years and make investments that often last four years or longer, most cash flows are negative in the first few years after a commitment is made, causing the initial decline in the cumulative net cash flow curve. In 2015, NSIA has committed capital to AQR Capital Management LLC, Africa Capital Alliance Limited, Actis GP LLP, Falko RAOF GP Limited, Synergy Private Equity Fund LP and Verod Capital Management.

### **Enhancement of Financial Structures:**

- *Nigeria Credit Enhancement Facility*

NSIA progressed work on the Nigeria Credit Enhancement Facility, which is expected to be operational in the second half of 2016. The facility will provide credit enhancement solutions to project companies raising senior debt in the form of bonds to finance vital infrastructure projects. NSIA partnered with GuarantCo, an experienced credit enhancement provider, in the launch of the facility.

### **Changes in Managed Funds**

The Authority continues to manage assets for Nigeria Bulk Electricity Trading Company (NBET) and The Debt Management Office (DMO). While NBET's \$350 million remains fully invested, half of the funds managed for the DMO was recalled and redirected to other investments reducing the assets under management to \$100 million.

### **Management's Summary**

Mr. Uche Orji, MD/CEO of NSIA stated that "The NSIA made fewer, but more strategic investments in 2015. More importantly, NSIA has invested in various private equity investment funds to tap into the high-growth sectors across Sub-Saharan Africa. These represent NSIA's commitment to invest in Alternative Assets that offer superior performance and are less correlated to broader public equity market volatility."

According to Mr. Orji, "the 2015 fiscal year was characterized by high volatility and global market uncertainty. Currency turmoil, dwindling oil prices and decelerating growth across markets created a difficult investment environment for the Authority. Nonetheless, the overall results were positive".



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### **Outlook for 2016**

In 2016, NSIA anticipates:

- Global market volatility will continue. However, NSIA will maintain its strategy of a diversified portfolio to drive returns and mitigate market volatility.
- Increased investments in infrastructure fund as most of the Authority's projects come up to financial close.
- Increased commitment to development of institutions that will enhance infrastructure investments in Nigeria.
- The outlook for the oil market will remain challenging. Nonetheless, NSIA will continue to explore other asset management opportunities on behalf of the Federation

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### **About the Nigeria Sovereign Investment Authority**

The Nigeria Sovereign Investment Authority is an investment agency of the Federation set up to manage funds in excess of budgeted hydrocarbon revenues. Its mission is to play a leading role in driving sustained economic development for the benefit of all Nigerians through building a savings base for the Nigerian people, enhancing the development of Nigeria's infrastructure, providing stabilisation support in times of economic stress.

NSIA operates three mandate funds: the Stabilisation Fund, the Future Generations Fund and the Nigeria Infrastructure Fund. For more information please visit [www.nsia.com.ng](http://www.nsia.com.ng)

### **PRESS CONTACTS**

Titilope Olubiyi

Communications Adviser

Phone: +234 803 452 6940

E-mail: [tolubiyi@nsia.com.ng](mailto:tolubiyi@nsia.com.ng)

## STATEMENTS OF FINANCIAL POSITION

	Group 31-Dec-15 N'000	Group 31-Dec-14 N'000	Authority 31-Dec-15 N'000	Authority 31-Dec-14 N'000
<b>Assets</b>				
Cash and cash equivalents	37,983,532	49,903,739	32,913,468	43,098,473
Advances	4,756	16,800	4,756	16,800
Investment securities	164,382,547	117,746,679	154,152,447	108,471,837
Other assets	1,467,752	4,769,933	3,839,847	4,769,621
Investment in subsidiaries	-	-	7,066,155	11,994,482
Investment in associate	2,129,600	1,616,364	1,600,000	1,600,000
Property and equipment	7,700,860	3,772,873	104,603	185,378
Intangible assets	5,739	12,168	5,739	12,168
<b>Total assets</b>	<b>213,674,786</b>	<b>177,838,556</b>	<b>199,687,015</b>	<b>170,148,759</b>
<b>Liabilities</b>				
Trade and other payables	15,788,509	6,310,289	4,102,341	508,323
<b>Total liabilities</b>	<b>15,788,509</b>	<b>6,310,289</b>	<b>4,102,341</b>	<b>508,323</b>
<b>Equity and reserves</b>				
Contribution by Government	155,250,000	155,250,000	155,250,000	155,250,000
Retained earnings	17,466,251	5,691,084	17,738,425	5,532,544
Fair value reserves	23,513,074	10,470,202	22,596,249	8,857,892
Currency translation	1,653,739	116,981	-	-
Non-controlling interest	3,213	-	-	-
<b>Total equity and amount attributable to Equity Contributors (Government)</b>	<b>197,886,277</b>	<b>171,528,267</b>	<b>195,584,674</b>	<b>169,640,436</b>
<b>Total liabilities and equity</b>	<b>213,674,786</b>	<b>177,838,556</b>	<b>199,687,015</b>	<b>170,148,759</b>

## STATEMENTS OF COMPREHENSIVE INCOME

	Group 31-Dec-15 N'000	Group 31-Dec-14 N'000	Authority 31-Dec-15 N'000	Authority 31-Dec-14 N'000
Investment income	5,821,745	3,941,393	5,811,617	3,791,400
Net foreign exchange gains and other fee income	8,774,693	3,239,795	8,770,524	3,239,795
Share of profit of investments in associates	124,914	16,364	-	-
	<b>14,721,352</b>	<b>7,197,552</b>	<b>14,582,141</b>	<b>7,031,195</b>
Investment management and custodian fees	(596,659)	(344,331)	(596,659)	(344,331)
Operating and administrative expenses	(2,333,619)	(1,644,388)	(1,770,993)	(1,644,388)
	<b>11,791,074</b>	<b>5,208,833</b>	<b>12,214,489</b>	<b>5,042,476</b>
Taxation	(15,496)	(42,907)	(8,608)	(35,090)
<b>Profit for the year</b>	<b>11,775,578</b>	<b>5,165,926</b>	<b>12,205,881</b>	<b>5,007,386</b>
Net change in fair values of financial assets	12,654,237	10,489,666	13,738,357	8,877,356
Currency translation difference	1,537,219	116,981	-	-
Share of other comprehensive income of investments in associates	388,322	-	-	-
<b>Total comprehensive income for the year</b>	<b>26,355,356</b>	<b>15,772,573</b>	<b>25,944,238</b>	<b>13,884,742</b>
<b>Total comprehensive income for the year is attributable to:</b>				
Owners of NSIA	26,355,143	15,772,573	-	-
Non-controlling interests	213	-	-	-
<b>Total comprehensive income for the year</b>	<b>26,355,356</b>	<b>15,772,573</b>	<b>-</b>	<b>-</b>